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Life Insurance Edition



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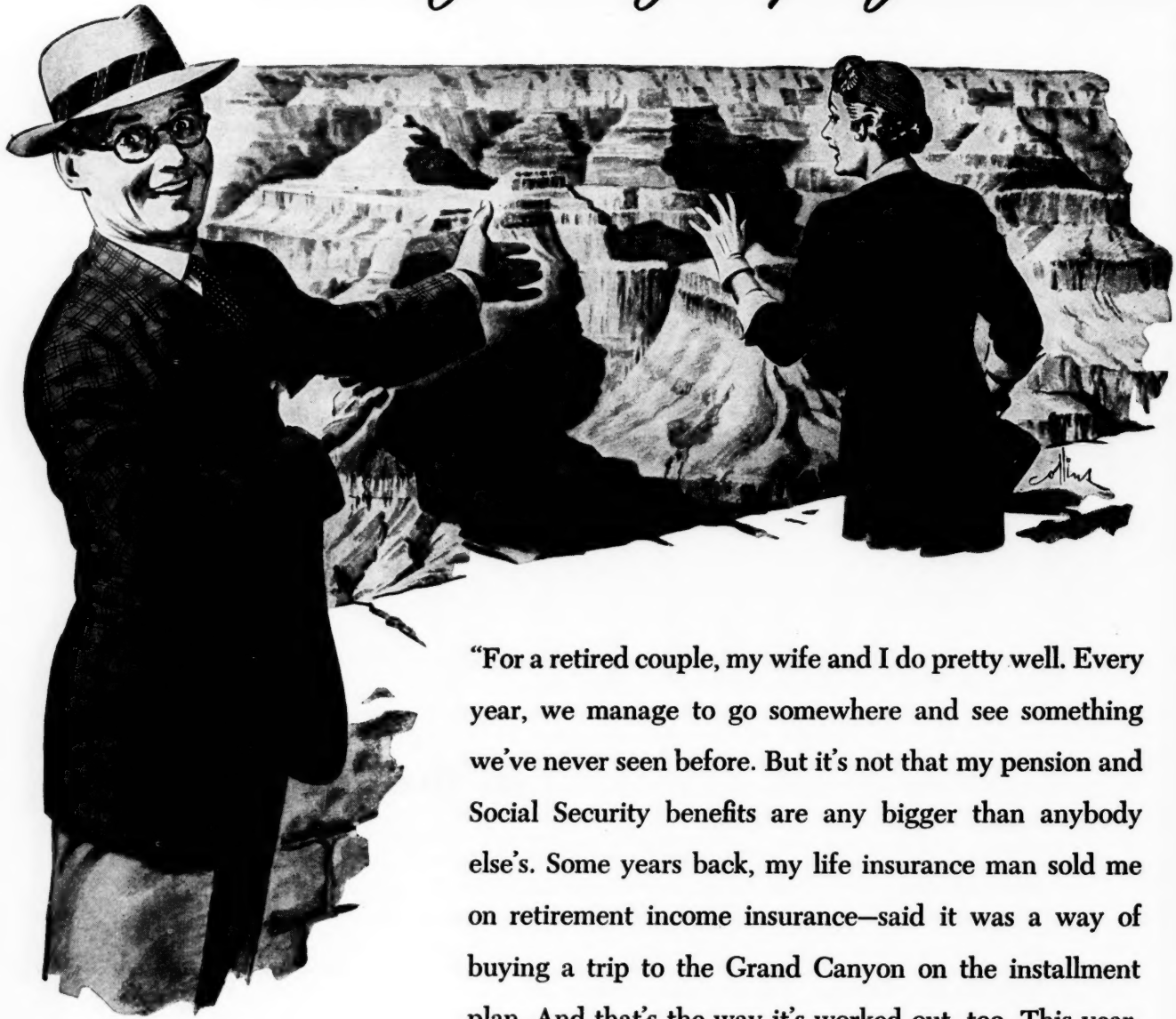


The B.M.A. Weather Beacon

— a friendly signal for thousands of visitors to Kansas City. It's also a reminder that B. M. A. is a "Friend in All Kinds of Weather" for its friends and policyowners in 36 states, District of Columbia, Hawaii and Guam.

FRIDAY, OCTOBER 29, 1954

*"We bought the Grand Canyon
on easy budget payments!"*



By unfolding new horizons for later years, the life insurance salesman immeasurably increases the enjoyments of retirement—and, at the same time, performs a valued economic service to society.

"For a retired couple, my wife and I do pretty well. Every year, we manage to go somewhere and see something we've never seen before. But it's not that my pension and Social Security benefits are any bigger than anybody else's. Some years back, my life insurance man sold me on retirement income insurance—said it was a way of buying a trip to the Grand Canyon on the installment plan. And that's the way it's worked out, too. This year, thanks to those regular monthly checks, we're driving through the Southwest, and next year we're planning a tour of New England. Take it from me, you can buy the most wonderful sights in the world—through the miracle of retirement income insurance!"

ÆTNA LIFE INSURANCE COMPANY

HARTFORD 15



CONNECTICUT

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Life Insurance

58th Year, No. 44
October 29, 1954

Major Medical Is Liked by Actuaries as Best for Public

Coverage Spotlighted at Annual Meeting; Need for Education of Buyers Seen

By ROBERT B. MITCHELL

Extensive discussion of major medical at the annual meeting of the Society of Actuaries in Boston brought out a definite consensus that this is a form of coverage that the public should be buying, even if it takes considerable education to wean the buyers away from their preoccupation with first-dollar coverages.

Repeatedly stressed was the point that the buyer should understand that when he insists on first-dollar coverage he is simply trading dollars with his insurer and paying a substantial service charge in relation to the benefits paid, whereas he would be better served if he took care of expenses he could afford and get more protection at the upper end of the scale.

A variant of major medical is the deductible hospital expense policy, which some companies are issuing, and which seems to be finding favor.

NEW OFFICERS

President—Walter Klem, senior vice-president and actuary Equitable Society.

Vice-presidents—William A. Anderson, vice-president and managing director North American Life of Toronto; and C. A. Spoerl, assistant vice-president and actuary Aetna Life.

Secretary-treasurer—Victor E. Henningsen, actuary Northwestern Mutual Life (reelected).

Editor—A. T. Bunyan, secretary and associate actuary Phoenix Mutual Life (reelected).

Members of board of governors—to 1957: G. E. Cannon, vice-president and actuary Standard of Oregon; M. E. Davis, vice-president and chief actuary Metropolitan Life; G. L. Holmes, vice-president Manufacturers Life; J. E. Hoskins, life actuary Travelers; W. O. Menge, president Lincoln National; Arthur Pedoe, life manager and actuary for Canada of Prudential of England; to 1956, to fill out the remainder of Mr. Anderson's term: G. W. Fitzhugh, 2nd vice-president, group insurance, Metropolitan Life; to 1955, to fill out Mr. Klem's term: Leigh Cruess, vice-president and chief actuary Mutual of New York.

End of insert

Major medical expense policies have thus far been bought mainly by those who are older, better paid, and reside in the areas of higher medical expense than the general run of insured. These have been the ones who perceived the need for major medical. However, it was brought out that educational and promotional efforts should be beamed at the less affluent buyers as well.

Claim experience has been so slight

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Program Prepared for Conference Underwriting Forum

The program has been prepared for the underwriting committee meeting of H & A Underwriters Conference, Nov. 15-16 at New Orleans. It is expected this will be the largest meeting the underwriting group has had. The emphasis will be on individual A&H underwriting and will cover commercial and non-cancellable.

Among the speakers will be G. L. Gorbell, safety director of Monsanto Chemical, who will talk on disability problems in the plastic industry. Emerson Davis, Dallas, Texas manager of Inter-Ocean, will talk on the agent's sentiments on home office underwriting.

There will be a four-man panel moderated by P. J. Burns, New York Life, in which talks will be given by W. A. Sims, Business Men's Assurance; Charles E. Stevens, Standard Accident; Robert E. Ryan, Royal-Liverpool, and Earl B. Tilton, Farm Bureau of Ohio.

On the second day, R. U. Clark, Massachusetts Protective, will give an address on "The Underwriting of Non-Cancellable Insurance." He will be followed by a symposium on reinstatement with John P. Hanna, conference managing director, as moderator. Mr. Hanna will discuss interpretation of reinstatement provisions as provided for under the uniform provisions code. Ward Beall, North American Life & Casualty, will talk on hospital and surgical reinstatement underwriting; E. J. Rogers, Security Mutual Life of Nebraska, will discuss loss of time reinstatement underwriting, and Jerome M. Powell, Loyal Protective Life, will handle non-can reinstatement underwriting.

Dr. Harry Ungerleider, Equitable Society, will give an address on hypertension, and the concluding feature will be a case clinic moderated by Roy A. MacDonald, director of company relations for the conference. Those taking part will be Carle Ademan, American General Life; Robert Carey, New York Life; Harry Graham, Bankers Life of Nebraska; W. E. Latham, National Casualty, and Al Robins, Loyal Protective.

CHICAGO CONFERENCE

Organizing for Sales to be Treated at Final LIAMA Session

President Richard E. Pille, vice-president in charge of agencies of Mutual Benefit Life, will preside at the final general meeting of the annual LIAMA conference, Nov. 8-12 at Chicago.

Talks on organizing for sales will be given by Morton Boyd, president of Commonwealth Life, who will deal with management, and John A. Hill, general agent at Toledo for Aetna Life, who will view the subject from the agency angle in his address, "No Competition from the Electronic Brain."

Charles J. Zimmerman, managing director of the association, will close the meeting with a review of LIAMA activities during the year and a discussion of trends in the business.

Trends in compensation will be examined at an afternoon forum directed by Ernest J. Moorhead, associate actuary of New England Mutual and chairman of the compensation committee, sponsor of the forum.

A trainers conference, sponsored by the education and training committee, will follow the forum and continue over to the next day. The conference's object, program and method of operation were reported in the Oct. 8 issue.

NAIC Brass Discuss FTC Ad Citations

ST. LOUIS—The executive committee of National Assn. of Insurance Commissioners held an executive meeting here this week but it was stated there would be no formal announcement of the results of the gathering at this time. It was indicated discussion centered around the recent action of the federal trade commission in bringing charges of false and misleading advertising against insurers. There are many among the commissioners who regard this action as a definite threat to continued state supervision of insurance and that the recent action was outside the proper jurisdiction of FTC. Commissioners and other supervisory officials from 25 states were in St. Louis.

Wrath at Surprise Attack Insures FTC Will Be Challenged

"Callous Treatment" Should Rally All Insurers to State Rule, Utica Insurer States

Wrathful determination to fight the Federal Trade Commission's jurisdiction is the reaction of at least some of the larger companies of the 17 against which the Federal Trade Commission filed complaints alleging that their advertising made promises that didn't jibe with their contracts.

The companies accused are not only indignant at the allegations but at the "surprise attack" method employed in announcing them. The insurers had understood that they would be given a chance to discuss the complaints before any were made public. Having cooperated fully with the FTC staff, the accused insurers were amazed at the FTC acting without warning.

That the 17 insurers were not the only ones to feel that they had been hit a surprise blow can be gathered

WASHINGTON—The Federal Trade Commission has no reply to the A & H charge that the companies accused were not fairly dealt with in the issuance of the complaints.

However, a commission spokesman informally commented that before the issuance of the complaints the FTC could talk about its investigation and related matters, but now that the commission is operating "in a judicial climate" it would not be proper to comment.

It was suggested that FTC regulatory procedures, including public hearings, will offer opportunity for the company charges to be discussed.

The spokesman said FTC mail regarding the complaints is heavy and most is favorable to the commission.

A&H company attorneys assert that very shortly before the complaints were announced FTC people professed ignorance of the imminent issuance of any complaints.

These attorneys also state that the commission did not follow its own rules, which call for advance consultation by FTC with representatives of prospective respondents in alleged case of misrepresentation with a view to get them corrected without litigation, which might last two years.

Furthermore, it is declared that some A&H company respondents were not officially served with the complaints until after release of information and its publication in the newspapers.

from the front-page story in this week's Advertising Age, which terms it "one of the sharpest surprise attacks to emanate from a government agency in some time."

Perhaps the most vehement blast at the FTC action was that of Commercial Travelers Mutual Accident Asso-

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Late News Bulletins . . .

More FTC Complaints Coming

WASHINGTON—It is definitely learned here that the Federal Trade Commission will file complaints against additional A&H insurers, perhaps as many as 15. In political circles there is a hunch that they will be issued before the Nov. 2 election.

It has been suggested that since FTC has acted, the Senate judiciary committee may not deem it necessary to report on its investigation of mail order insurers. That committee's A&H investigation preceded the FTC investigation. Friends of Senator Langer, chairman of the judiciary committee, give him credit for having spark-plugged FTC into action on A&H insurers.

Life Company Tax Hearings Slated

WASHINGTON—Mid-December hearings have been scheduled by the House ways and means committee to meet the problem of life company taxation, which has become more pressing with the conclusion by the Treasury that the present stop-gap formula no longer reflects proper tax liability. The Treas-

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SPELL OUT IMPLICATIONS OF NEW TAX LAW

Actuaries' Tax Panel Comes Up with Material of Sales Interest

Packed with material of practical value to agents in selling and advising clients, the Society of Actuaries panel discussion at Boston on the insurance implications of the 1954 revenue code could have been a stellar attraction at a Million Dollar Round Table meeting. It was non-technical, offered answers to some puzzling questions — and pointed out other areas where there don't seem to be any answers and the wise agent or policyholder will move with caution, or not at all, until answers are available.

The panel had as moderator Albert Pike, Jr., actuary of Life Insurance Assn. of America.

Probably of the widest field interest were the observations by E. J. Moorhead, associate actuary of New England Mutual Life, on the new law's implications for individual insurance. Subjects covered by other panel members were annuities, group insurance, and pensions. They are covered farther along in this article.

Mr. Moorhead dealt frankly with what he called the "depressing dilemma" posed by the danger that a gift of insurance to a spouse in order to get it out of the insured's estate, as is possible under the new law, might be regarded as being "in contemplation of death" and hence taxable anyway; consequently some may think it safer to drop the old insurance and buy a new policy.

At the same time, this switching usually involves "a large though concealed loss for the policyholder." The probability of death within three years is remote, and anyway should death occur beyond three years after transfer of ownership the prorata portion of the proceeds purchased by premiums paid during the final three years of life may be held to have been purchased in contemplation of death and that portion included in the taxable estate. This would hurt the holder of a new policy more than of an old one.

New England Mutual's attitude has been to urge that no precipitate action be taken until at least regulations have been issued. But if anybody insists on being precipitate "we think their present action should be for the wife to apply for a term contract on her husband's life while keeping the existing policy in force with ownership transferred to her," said Mr. Moorhead. This leaves the policyholder in a position to take advantage of whatever later appears to be the wise course, "and looks as though it ought to make everybody happy."

"Even if the existing uncertainty is later resolved into bad news, three-year term insurance to protect against the tax arising from death within those three hazardous years may have its place as a better answer than cancelling valuable existing insurance," he pointed out. "A low-cost single-pre-

mium three-year term contract designed to cover the amount of possible estate tax loss might be both appropriate and salable."

Mr. Moorhead also dealt with the companion problem of incidents of ownership. This arises because property (in this case a life policy) owned by somebody other than the insured will nevertheless be included in his estate if immediately before his death he had a reversionary interest in it greater than 5% of its value.

In helping policyholders with this difficulty some companies are furnishing actuarial tables to show the combinations of ages of beneficiary and insured that will keep the reversionary interest below 5%. Those who want to do this can find a discussion of this in volume III of the *Transactions* of the Society of Actuaries. Some other companies are recommending that the policy be owned on a contingent basis by a succession of relatives with the final (presumably remote) reversionary interest passing to a charity.

Other companies, including New England Mutual, feel that the first plan is unnecessary and the second is dangerous and likely to breed trouble for the future, "the kind of solution that is enthusiastically adopted today without enough looking ahead to the annoyance and criticism that surely will develop when the policy either becomes completely frozen by premature death of the wife, or when the money actually reverts to charity (unless the insured genuinely desired that to happen)."

"Our feeling, while awaiting more information from Washington, is that if the wife has absolute ownership to the extent that she on her own authority can at any moment wipe out any reversionary element, then the mathematical value of that reversion is zero," said Mr. Moorhead. "If so, the problem of measuring it and keeping it below 5% can easily be by-passed."

Discussing the effect of the amendment making the interest element in installment options taxable except for a \$1,000 a year widow's exemption, Mr. Moorhead noted that the tax applies only to new settlements, not to existing or prior-death cases, "so we are spared the upsets and elaborate calculations that would otherwise have arisen on existing settlements."

Moreover, the widow doesn't fare too badly even where the \$1,000 limit applies, for "the effect of this will be to render tax-free an amount of proceeds which may vary all the way from about \$20,000 to more than \$100,000, depending on the interest basis of the settlement option and, in the case of life incomes, the mortality basis also."

"The loss of this tax freedom is naturally disappointing to the life insurance business and you'll be glad to have pointed out that even it has its brighter side," he said. "A study of the history of this constantly recurring question indicates that it was bound to be just a matter of time until the tax advantage would be lost. To set the question at rest while retaining the \$1,000 widow's exemption is cause for restrained rejoicing. And some can even see a psychological sales advan-

tage in that it will now be much easier for the agent to point to and dramatize the \$1,000 widow's exemption to policyholders whose present insurance holdings are not large enough to give them full prospective advantage of it."

Mr. Moorhead said it is probable that this tax change will have some repercussions in estate planning, but its effects are likely to be quite limited. Possibly there will emerge some greater use of trust arrangements in preference to use of settlement options where children are to receive the benefits, and conceivably this may decrease companies' operating losses by curtailing usage of inadequate options in older policies.

"However, we shall probably need an actuarial microscope to detect these trends," he added. "Intelligent people will doubtless continue to select against us by using 'bargain' options in conjunction with trust arrangements on more recently issued policies."

Noting the new code's further tightening of restrictions on exempting interest from tax when paid on money borrowed to finance insurance on an-

nuit policies, Mr. Moorhead said: "It seems clear that we ought to continue to frown upon inordinate use of this borrowing device on the ground that it is dangerous for the individual, also because it is unhealthy for the industry. Inevitably, it will be looked upon by the authorities as a loophole that ought to be plugged. Past experience with authorities who set about plugging loopholes should have taught us that the plugging process too often goes beyond what is really needed and burdens us with permanent handicaps to our normal and legitimate activities."

Mr. Moorhead remarked that the change in the restrictions "does not affect existing arrangements, which is very fortunate for those who have been inviting business of this type."

As respects individual insurance in general, Mr. Moorhead pointed out that the tax changes mainly affect the small minority of citizens in the extremely high brackets of income and net worth, "though some of our agents do succeed in finding prospects whose resources put them in this financial stratosphere, and the agents who do so are often those who are in a position to command the maximum in service and assistance from the home office." Hence there is need for companies to be prepared to give effective cooperation and advice.

Estate-tax aspects of the new law, in the usual situation where full mar-

(CONTINUED ON PAGE 19)

Mutual Benefit Life Sells Home Office Building; to Decide New Location Soon

NEWARK—Mutual Benefit Life has sold its home office building at 300 Broadway to the Catholic Archdiocese of Newark to be used as a Catholic high school. The company will erect a building preferably in Newark, although "the advantages of a location in some adjoining suburb or elsewhere are under consideration," the announcement states.

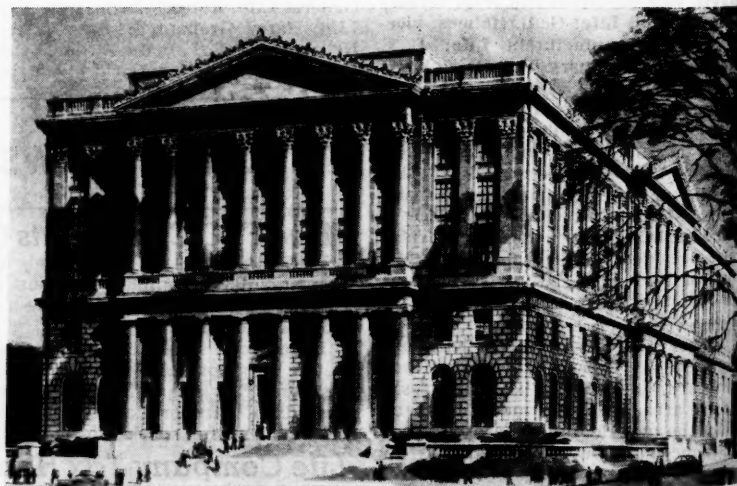
Announcement of the new location will be made in about 90 days.

Mutual Benefit's directors have for some time been convinced that the present building is inadequate to meet the expanding needs of its business. About two years ago the board initiated studies to determine whether the best course would be to modernize and enlarge the present structure, built 27

years ago, or to build a new home office. These studies convinced the directors that it would cost so much to modernize and enlarge the present building that the only practical and economical solution was a new building.

The present building is exceptionally well adapted for use as a high-school, since it has a restaurant, gymnasium, and an auditorium seating 1,000. Under the sales contract Mutual Benefit is permitted to occupy the building until Aug. 31, 1957, thereby affording time to complete its new building.

The announcement was made over a conference long-distance telephone hookup to the general agents by Chairman W. Paul Stillman, who was introduced by President H. Bruce Palmer.



The 27-year old home office building at 300 Broadway, Newark, which Mutual Benefit Life has sold to the Catholic Archdiocese of Newark for use as a high-school building.

Knowlton Stresses Problem of FTC Jurisdiction

NAIC President, in St. Louis Talk, Calls It "Paramount" Issue

The question of jurisdiction between the federal trade commission and the individual states is one of the most pressing issues in the business today, Commissioner Donald Knowlton of New Hampshire, president of NAIC, told the National Assn. of Independent Insurers at its St. Louis meeting. Mr. Knowlton's talk was prepared prior to the announcement last Tuesday by FTC of its citations against 17 A&H insurers. The import of his remarks thus became even more striking.

Departing from his prepared remarks, Mr. Knowlton said the commissioners had known for some time such proceedings were being considered, but "it was a surprise to me they were brought before the completion of our talks with the commission." While the commissioners were told copies of the brief would not be available to them, he said he personally assumed "we would be given some opportunity to discuss the question of jurisdiction before proceedings were initiated."

"I regret the commission felt it necessary to announce the commencement of its proceedings in a lengthy statement to widely publicize their action and demonstrate the reasons therefore." He said the chairman issued a supplementary statement expressing appreciation of support from state commissioners, and stating it was his purpose to strengthen the procedures of the commission for cooperation with state governments. The latter statement did not get the same degree of publicity, and Mr. Knowlton said he presumed it was issued "in an attempt to minimize the reflection on state supervision which is necessarily inferred from the fact the commission felt compelled to bring these complaints."

"While I have not abandoned my hope that some degree of cooperation can be worked out between the commission and state regulatory authorities, I am discouraged by the apparent intention to treat these as adversary proceedings rather than as a cooperative effort to work out the solution. I do not know what the chairman had in mind when he expressed the purpose to strengthen the procedures for cooperation with state governments, but I hope he is sincere in the purpose and will give us the opportunity to show that we as commissioners are sincere in our efforts to accept the responsibility for quality regulation. After all, the basic responsibility is ours."

In his prepared address, Mr. Knowlton dealt with the recent trend toward government control of insurance. The FTC problem is the paramount one in this field, he said, and in this regard he supplied some background to the recent FTC explosion.

The cooperation of NAIC was offered FTC with the hope that the cause of the complaints could be removed state by state, Mr. Knowlton said. "I felt that we as commissioners have an obligation to correct the un-

derlying causes of these complaints, and in this work, the information in the hands of the FTC would be invaluable to us. I also felt, and still feel, that to publicly prosecute each complaint in court would do much more harm than good. To undermine public confidence in the business of insurance, fairly and honorably carried on by all but a few companies, would indeed be very unfortunate. The nature of the insurance business is such that it must have the confidence of the public to live."

Mr. Knowlton admitted that his efforts met with little success. FTC took the position that as to matters over which they felt they had jurisdiction they could not surrender that jurisdiction to the states. They believed they had an obligation to Congress to proceed under federal laws.

"So you see that at the moment the question of jurisdiction is paramount," Mr. Knowlton observed. "Just what is the jurisdiction of the federal trade commission? I have not studied the matter and express no opinion, but it is my understanding that briefs are now being prepared by attorneys for the FTC and also by attorneys for one or more of the insurance trade organizations."

Whatever the conclusions may be, Mr. Knowlton said the question will eventually have to be decided by the courts. He expressed the hope in his prepared paper that should any difference of opinion between federal and state authorities arise, the solution would be sought in a spirit of cooperation, "with the best interests of the insuring public uppermost in mind."

Mr. Knowlton mentioned also the Langer committee investigation, which

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Top Management Speakers Highlight Sparkling Conference at French Lick, Ind.

Executives from the midwest east coast, Canada, Nebraska, and Georgia, heard eight top management speakers at the three-day session of the annual Midwest Management Conference of General Agents & Managers Assn. of Indianapolis, at French Lick, Ind., Oct. 21-23.

Motifs running through the talks of all speakers were the necessity for the general agent or manager to assume real leadership (in contrast to being a driver) and the need of the general agent or manager to know and understand his men, their hopes, ambitions, families, and work patterns.

The opening luncheon on Thursday was confined to introductions, with the afternoon session starting off with a brief welcome from GAMC and a quick summary of its objectives and accomplishments by R. K. Zimmer, general agent, Penn Mutual, Columbus.

Mr. Zimmer reported that 60 local managers' associations now make GAMC membership mandatory, that 17 are committed to the new management study course of GAMC, that 40 cities are using the Hartford plan, and that the \$5 GAMC dues appear to be a stable figure for some time to come.

The first scheduled speaker after Mr. Zimmer was Horace R. Smith, superintendent of agencies, Connecticut Mutual. He was introduced by Claude C. Jones, general agent of the company in Indianapolis.

In a three-hour talk, Mr. Smith presented methods employed in Connecticut Mutual's management training school. He emphasized points graphically by passing out printed material

and photostats of agents' records for analysis and discussion. This was reported last week.

Speaker at the Thursday evening banquet, presided over by Russell J. Simpson, manager, Sun of Canada, Indianapolis and president of the host association, was Robert C. Gilmore Jr. of Mutual Benefit Life, Bridgeport, Conn., immediate past president of NALU. He was introduced by James T. O'Neal, Great-West Life, president of Indianapolis Life Underwriters Assn. and vice-president of Indianapolis A&H Assn.

"Leadership is the outstanding quality that any good agent expects of field management," Mr. Gilmore, speaking on "What the Field Expects of Management," declared. "With leadership in any field, I think we take technical competence for granted."

"I expect field-management leadership to motivate me in several ways," he said. "First, the manager should find out what my wife and I want out of life and then make me want to pay the price to get it."

"Second, I expect leadership to motivate me in the development of my skill in doing those things I must do to obtain my objective. It isn't enough to create enthusiasm on my part; the enthusiasm must be sustained. Sustained ego recognition in the agency is essential."

"I believe," Mr. Gilmore continued, "that motivation must come from the example management sets. Chief among the examples is one of absolute reliability."

"Finally, I expect my general agent or manager to set a leadership example in his relations with his industry and his community. I expect him to take an active part in each, to be the type of individual who is respected both within the industry and in the area covered by his agency."

Friday morning's session, headed by Hastings Smith, general agent, New England Mutual, Indianapolis, conference chairman, opened with Robert K. Zimmer speaking on "Motivating the Established Producer." Zimmer was introduced by Ray Patterson, general agent, Penn Mutual, Indianapolis.

Motivation is the battery that incites us to action, Mr. Zimmer declared. "All the knowledge in the world...even all the sales skills...are of no avail unless unleashed on the prospect."

Listing factors that motivate men, Mr. Zimmer pointed to ego, pride, possession, fear, and its opposite, enjoyment. He explained the two types of motivation, group motivation (Million Dollar Round Table, leaders' clubs, contests, etc.) and individual motivation, which presumes a study of your man, his abilities, his temperament, his desires, his family and its standard of living.

"If you can succeed in motivating agents, then all of your problems will be little ones," Mr. Zimmer concluded, "financing will be no problem; there'll be no doldrums, no heartaches, no slumps, no lost agents. The world will assume a rosy hue when proper motivation has your established agents making you eager to recruit men in order to have more fine, successful, career life underwriters associated with you."

Mr. Zimmer was followed by George

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The COMMONWEALTH Commentary

ONE OUT OF FIVE!

Yes, in Commonwealth's home town of Louisville, one family out of five insures with Commonwealth Life—Kentucky's largest and fastest-growing life insurance company.

Commonwealth's dominance doesn't stop at the City Limits either. In 1953, Commonwealth Careermen sold more individual life insurance throughout Kentucky, than the next three companies combined!

Altogether there are more than a million Commonwealth policies in force, in seven states stretching from the Great Lakes to the Gulf Coast.

INSURANCE IN FORCE, October 1, 1954—\$757,822,059



COMMONWEALTH
Life Insurance Company

HOME OFFICE • LOUISVILLE, KY.

Zone 4 Has Quiet Meeting in S. D.

The zone 4 meeting of National Assn. of Insurance Commissioners at Sioux Falls, S. D. last week was attended by between 50 and 60 department men and industry representatives. This was considered a good turnout for a more or less out of the way location. Commissioners Burt of South Dakota and Jensen of North Dakota were joint hosts.

The agenda called for a meeting the first day of chief examiners, actuaries, and casualty raters, but the matter was boiled down to three proposals by the Indiana department concerning automobile insurance and two of these were moved from the agenda at the request of Commissioner Wells. The only item taken up was merit rating and after a brief discussion, this was turned over to a committee composed of Iowa, Minnesota and Indiana.

The commissioners had their program the second day, and nearly all of this was devoted to A & H. There was quite a discussion on credit insurance, including the rates and commissions for this line. There was some thought expressed that both of these items

might be excessive. Also, commissioners held forth at some length on mutual fund installment purchases.

Later on there was a discussion of A & H selling methods. This included the item of twisting by an agent, cancellation by a company after claims, and waivers. Just before going into executive session, the commissioners took up the matter of examinations and indicated there could be more cooperation between zones and states within zones on this.

Zone 4 is comprised of eight states, and all the commissioners were on hand except McCarthy of Illinois. The other states are Iowa, Wisconsin, Minnesota, Indiana, North Dakota, South Dakota and Michigan.

Philadelphia Life Gains

New paid business of Philadelphia Life for September and the first nine months of this year exceeded the comparable periods of 1953 by 18.6% and 14.6% respectively. September was the 30th consecutive month in which a gain of 10% or more in new paid business was noted.

Analyzes A & H Publicity

James E. Powell, vice-president of Provident Life & Accident, speaking at

the October meeting of A. & H. Managers Assn. of San Francisco, reviewed the publicity the business has been getting and touched on legislative problems. He analyzed the articles appearing in newspapers and magazines about A & H that began with the Readers Digest story about 18 months ago, and described the activities of joint committee on health insurance set up by Bureau of A & H Underwriters and H & A Underwriters Conference.

Hassell Heads Richmond CLUs

Ransom L. Hassell of Prudential has been elected president of the Richmond CLU chapter. He is also president of Richmond and Virginia life underwriters associations.

John Pasco is vice-president of the Richmond CLU and Irving I. Held Jr. of Conn. Mutual is secretary.

OK Bankers Loan, Fla., Merger

The merger of Security Life & Trust of Winston-Salem, N. C., and Bankers Loan Ins. Co. of Tallahassee, Fla., has been approved by stockholders of Security L&T, which will absorb the Florida company. The agreement calls for Security L&T to exchange 4,800 shares of its stock for 10,800 outstanding in Bankers Loan.

Medical Directors Hear Talks on Heart Disease, Isotopes

The Assn. of Life Insurance Medical Directors at its meeting in Toronto heard talks on a variety of topics, including the rise of heart disease, the use of radioactive isotopes, insurability of persons with a history of chest surgery, and the effect of stresses of various types on the human body.

Dr. Edward S. Mills, physician in chief at the Montreal General hospital, said that apparently coronary artery disease is greatly on the increase in this country and in the British Isles and the increase is mainly among professional men and business executives. Dr. Mills gave some figures, based on English experience, indicating that deaths run higher than average for farmers and clerks, and various skilled workers, such as foremen.

Semi-skilled workers such as miners and unskilled laborers of all types showed a better than average mortality from coronary disease. Another study showed that American physicians, though enjoying a favorable position with respect to tumors and accidents, are especially vulnerable to arteriosclerosis of the heart and coronary arteries. Another table cited by Dr. Mills showed that the standard mortality rate for physicians in England and Wales is from two to four times the rate for hairdressers and farmers.

Dr. John P. Gemmell, medical director of Monarch Life of Winnipeg, said that radioactive isotopes represent one of the major advances in medicine in the last decade, particularly in basic research. The hazards of radiation have been reviewed and although no convincing evidence of serious after effects are apparent to date, a long latent period may exist before late malignancy changes appear. He predicted that in the long run the greatest advantage of radioactive isotopes will not be in their therapeutic usefulness but in their ability to extend the field of fundamental knowledge.

Dr. Robert M. Janes, professor of surgery at University of Toronto, expressed a favorable opinion of the insurability of persons who survived an operation for removal of a portion of the lung, because of the type of operations that are possible nowadays through the protection of the antibiotics. He said, for example, that it would appear that patients who have had the disease bronchiectasis removed completely are probably as good insurance risks as other members of the community of a similar age group provided the operation has not been so extensive as to result in serious respiratory disability.

Dr. Hans Selye, professor and director of the Institute of Experimental Medicine and Surgery, University of Montreal, expressed the opinion that "research on the effect of stress on the human body will be most fruitful if it is guided by the theory that we must learn to imitate—and if necessary to correct and complement—the body's own auto-pharmacologic effort to combat the stress-factor in disease."

A&H Directory Distributed

The 1954-55 directory of the H&A Underwriters Conference, expanded to cover recent activities, is being distributed. Description of bulletins and publications, an outline of activities and services, lists of member companies and a calendar of future meetings are included.

WE'RE NOT THE ONLY COMPANY

THERE are now some seven hundred companies engaged in the legal reserve life insurance industry. We are just one of these.

A man doesn't have to buy his life insurance from us to provide security for his family, nor does an Agent have to work for us to be successful.

But, in either case, it helps.



THE
NATIONAL LIFE
AND ACCIDENT
INSURANCE COMPANY
HOME OFFICE - NASHVILLE, TENNESSEE

I am going to hire three Life Insurance AGENCY SUPERINTENDENTS

ILLINOIS INDIANA WISCONSIN

if ... you sincerely believe your abilities and ambitions exceed your present opportunity ...

if ... you are interested and convinced you are equipped to do a field-building job, with the emphasis on the recruiting, appointing, and developing of agents and general agents ...

if ... you aspire to graduate to a top agency position ...

if ... you want an honest opportunity to prove it ... then ...

I want to talk with you!

This is what we offer you. Sole responsibility and accountability for all recruiting, appointing, and the development of new agents and general agents in your territory. You will have 100% cooperation and coordination with the home office. Local advertising is available for your use in initial recruiting. Agent inducements include bonuses, competitive policies, lifetime renewals, effective sales aids, liberal first-year commissions, and general agency opportunities. You can succeed to a top agency position.

This is what we want. A forceful, clear-thinking, ambitious and energetic man who will be assigned a large territory. A man who *knows* he can recruit, appoint, and develop agents and general agents in that area, and who *wants* the sole responsibility and accountability for that assignment. Naturally, you must know the life insurance profession thoroughly and be capable of stimulating and maintaining the genuine enthusiasm and production of your agents.

if ... the above is of interest, please write me a personal letter, giving the information you believe is pertinent. On the basis of your letter, an initial appointment will be arranged with a senior official of this company. Your confidence will be completely respected.

E. H. Henning

E. H. HENNING
President

CENTRAL STANDARD LIFE

Founded 1905

INSURANCE COMPANY

211 West Wacker Drive, Chicago 6, Illinois

Warns Against Selling High-commission Plans at Expense of Client

Commissions paid to agents reflect their companies' attitude toward particular policies, James H. Braddock, actuary of New York Life, told New York state insurance examiners at the opening session of their annual training program in New York City. Mr. Braddock, whose topic was "Compensation of Life Insurance Agents," appeared at the initial session with Julius Sackman, chief examiner of the department's life bureau, who spoke on "Expense Limitations of Life Insurance Companies."

Though company views on policies may affect their compensation plans, especially the first year commissions, an agent should not concentrate on selling a high-commission policy at the expense of his client's needs, Mr. Braddock said.

An increase in compensation may be one method of keeping marginal agents in the business, he declared. This cannot, of itself, of course, assure less turnover. In connection with

this problem, companies also are studying ways to improve selection, training and supervision.

Amendments to Sections 213 and 213(a) of the state insurance law are putting a healthy check on companies that may otherwise exceed a safe level of expenses, Mr. Sackman declared. At the same time the amendments provide for a cushion in the event a company needs to recoup after a business decline.

Particular amendments listed by Mr. Sackman included the new commission set-up designed especially for the welfare of agencies of small companies and for the agent in his early years; the adjustment in expense limits due to increased policy writing since the war, and the recognition in the law of the need for a wider margin of expenses for small companies.

Thirty sessions have been planned for this third and final years of the training program. The lectures will appear in volumes 5 and 6 of *Examination of Insurance Companies*. They will round out the department's plan to make available a detailed account of supervision of insurance companies.

New York Life Advances K. E. Van Riper, Makes Other Promotions

Kenneth E. Van Riper has been named vice-president in the investment department of New York Life, and Charles E. Judson, James H. McLellan, and Edward W. McPherson were named assistant vice-presidents. The company also advanced 21 other home office men. Becoming executive assistants were Clifford Page, formerly accountant in comptroller's; L. K. Pfiffner, formerly manager of branch office systems, organization and employee training, and R. G. Woodbridge III, formerly senior industrial specialist in the investment department.

Nine men become managers, W. G. A. Dollard and Harry Hyams, formerly special assistants to J. H. Ditman, vice-president and comptroller, are now managers of premium accounting. W. R. McCardell is manager of commission accounting and Archie Forsyth is manager of mortgage loan and policy loan accounting.

Richard Borchers, J. A. Falls, and W. H. Walsh, formerly superintendents, are now managers of inspection, program agreement, and selection and rating departments, respectively. Arthur Arctander Jr., formerly senior method analyst, is now manager of procedures and H. J. Bischoff, Jr., formerly an administrative assistant, is manager of a newly created personnel department.

G. W. Stables, formerly superintendent of the salary division, becomes administrative assistant in the office of Secretary M. P. Bissell. Ray Sunderland Jr. was appointed a deputy auditor and D. K. Ross was named supervisor, industrial securities in the investment department.

Newly appointed assistant managers are W. D. DeCoursey, inspection, G. M. Durrenberger, personnel and Norman Meier, program agreement.

In the life underwriters department J. W. Ingersoll and L. J. McMillan were advanced from assistant to associate underwriter.

Hassberger Joins Franklin

Richard C. Hassberger has been appointed regional manager in northern Michigan for Franklin Life. He will have headquarters at Saginaw.

Entering the business in 1949 with Mutual Benefit Life, Mr. Hassberger later was promoted to supervisor. He was awarded the Mutual Benefit plaque for greatest number of lives insured in 1953.

Eastern A&H Units Hear Osler

Robert W. Osler, vice-president of Rough Notes Co., publicity chairman of International Assn. of A&H Underwriters, addressed the Baltimore A&H association Oct. 27 and the Connecticut association Oct. 28 on "What's Ahead for A&H."

CLU Instructors Brush Up

How to help CLU candidates prepare successfully for their examinations is the general theme of a series of four CLU educational conferences held in Hartford under auspices of the American College.

About 40 CLU teachers and special

guests gathered for the noon-to-noon program. Other conferences in the series are scheduled in Buffalo Oct. 28-29, in Philadelphia Nov. 4-5, and in Atlanta Nov. 18-19.

Ussery Is General Agent

E. Melbourne

Ussery has been named general agent by Lincoln National Life in the new office at Columbia, S. C. The agency will represent the company in 32 surrounding counties.

Mr. Ussery has had seven years' experience in life insurance, the last five in sales. He also has handled programming, estate analysis, pensions, and group business insurance.



E. M. Ussery

DeMian, Postal Life, Moves

Harold DeMian, general agent for Postal Life, has moved his office from Brooklyn to 10 East 43rd street, New York City. This brings the number of Postal agencies in Manhattan to six.

Sponsors Duke Games on TV

Home Security Life of North Carolina this fall is sponsoring a series of 10 half-hour television programs over six North and South Carolina stations. The programs highlight the Duke University football games and are broadcast the day following the game.

Pru Address Given Incorrectly

In the Oct. 1 issue the city was given incorrectly for the new Prudential office headed by Howard E. Shaw. The proper address is 227 North Church street, Rockford, Ill.

A BILLION OR MORE IN 1954

*** INSURANCE IN FORCE**

CALIFORNIA-WESTERN STATES LIFE INSURANCE COMPANY

HOME OFFICE: SACRAMENTO

HOTEL TULLER

... featuring convenience, comfort, quality! A cosmopolitan atmosphere in home-like setting. In the center of all downtown activities. Newly decorated. Ultra modern, comfortable guest rooms... excellent food at moderate prices in our modern coffee shop and cafeteria.

Radio and Television in room. Air Conditioned rooms in season.

800 ROOMS WITH BATH from \$3.00

GARAGE and PARKING LOT

FAMILY RATES

No Charge for Children 14 and Under

Harry E. Paulsen General Manager
FACING GRAND CIRCUS PARK

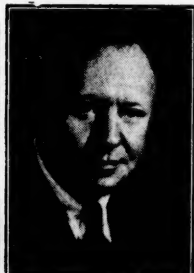
DETROIT

350 Field Personnel at Annual Colonial Combination Meeting

President Richard B. Evans welcomed more than 350 agents and managers at a reception and dinner launching the annual sales meeting of Colonial Life's combination agencies, held in New York City. As chairman of the first business session he keyed the theme



Richard B. Evans



James G. Bruce

of the three-day meeting and honored the 43 leading producers who qualified for the President's and Clic sales clubs.

Also present at the dinner was Judge Ernest J. Heppenheimer, chairman and founder of the company.

At a managers' conference which preceded the general meeting Mr. Evans and James G. Bruce, vice-president, reviewed the company's progress. Mr. Evans also acted as one of three judges at a question and answer quiz for managers, one of the features of the conference. Robert L. Baer, assistant vice-president, discussed new sales material.

Mr. Bruce, chairman of the second session, posed the question, "Is There A Perfect Life Insurance Agent?" If there be one, he said, he would possess self-confidence, a positive sales attitude, pride in accomplishment and a continuing desire for education through training. He would have a justifiable amount of conceit and sales courage. He would make use of organized sales talks and power phrases rather than fall back on extemporaneous answers and ad libbing.

Persistence of business would be stressed by this ideal agent. He would consider the original sale only the beginning of his contractual obligation and would follow it with continuing and effective service. Furthermore, he would be a member of the President's club, would have had LUTC training and would have met the requirements of the national quality award.

Superintendent Bohlinger of New York, the first speaker at the initial session, was introduced by Mr. Evans. He complimented Colonial upon its assets and insurance in force, which total \$57 million and \$324 million respectively.

Charles J. Zimmerman, managing director of LIAMA, spoke on "Sales and Service Equal Success and Security." There is no place in the business for complacency based on past successes, he said, for needs for life insurance today have far outstripped ability to sell and service them.

He declared that policy lapses are increasing "to a disturbing level" and warned that a poor lapse ratio could put a company behind competitively. Too much time is spent by the aver-

age agent in paper work, he said. Only 30% of the debit agent's time, according to a recent survey, is used for planning, prospecting, selling and servicing, while 60% is taken up with collections, accounting and detail. Planning alone accounts for only 4½% of his time.

Loran E. Powell, managing director of Life Underwriter Training Council, extolled the advantages of tested sales material, warned that exhausting prospect supplies means "business suicide" and urged agents to re-sell their clients, 90% of whom are underinsured even after they buy a policy.

Holgar J. Johnson, president of Institute of Life Insurance, spoke on "In Change There Is Opportunity." He said recent economic, social and political changes have prepared the way for increased sales. The great new middle class must be educated by the agent to see that its needs can be best fulfilled by life insurance.

Reconstructed in a skit, "An Idea Is Born," was a scene in which a sales production campaign was plotted. The cast included Mr. Baer and Managers Philip Cross, Paterson; Albert Sullen-

der, Newark, and George Covert, Elizabeth.

A panel of agents' wives explained "How I Helped My Husband Become a Successful Life Underwriter." Moderator was Mrs. Albert Sullender and panelists were Mmes. Edward Fehrenbach, Asbury Park, N.J.; John Force, Trenton; Michael Kibelbek, Charleroi, Pa.; Jack Kleiman, Syracuse, and Anthony Mollica, New Brunswick.

Other speakers were Rudolph A. Hopf and Harry W. Rice, superintendents of agencies; Managers David Abrams, Philadelphia; Frank Welsh, Trenton, and Henry Kaplan, Elizabeth; Agents Basil Hopper, Elizabeth; Peter Frasco and Peter Manto, Newark, and Joseph Torres, Trenton; and Donald Bramley, senior consultant of LIAMA.

Officers of the President's club are Mr. Fehrenbach, president; Robert Angelo, Easton, Pa., vice-president, and Milton Bershaw, Newark, secretary. Clic club officers are Paul Beaty, Easton, president; Lewis Richardson, Philadelphia, vice-president, and John Kuzne, Paterson, secretary.

Haley Appointed Midwest Agency Chief of U.S. Life

Richard Haley, who joined U.S. Life earlier this year as field supervisor at Cleveland, has been promoted to superintendent of agencies of the midwest division at Chicago. He started in the business with Northwestern Mutual in 1945 and was manager at Akron for Penn Mutual until 1950 and for Dominion Life of Canada until 1952, when he was appointed general agent at Akron for Ohio State Life.



Richard Haley

Heads Pru Patchogue District

Prudential has appointed Eugene F. Mensching as district manager at Patchogue, N. Y., succeeding the late Arthur B. Fleischer. Mr. Mensching has been staff manager at Babylon, N. Y. where his group of agents led the Long Island area in sales last year and was fourth company-wide. He joined the company in 1949.

LNL'S Employee Package Plan Has Doubled Sales

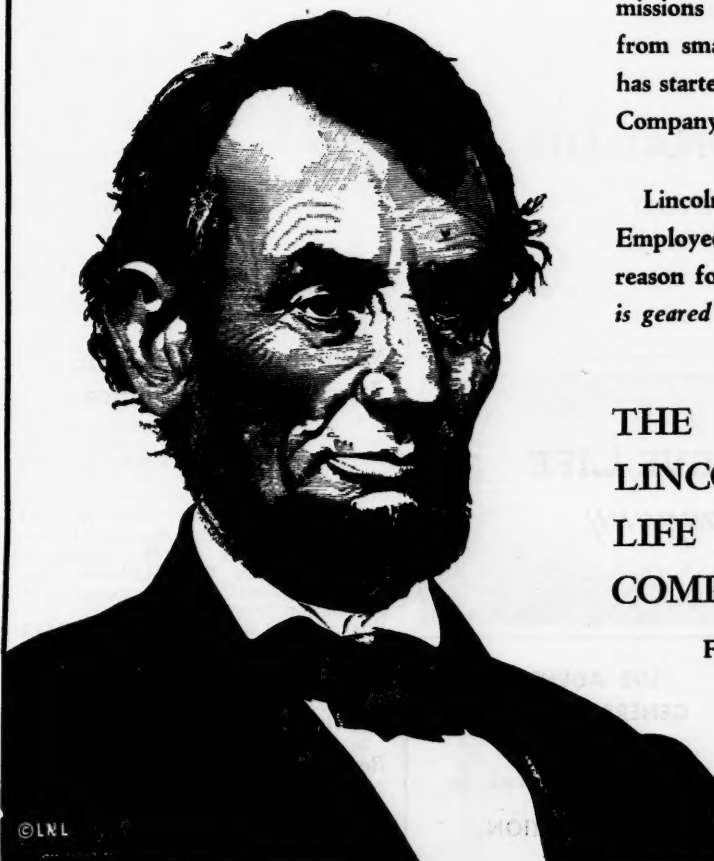
Lincoln National's Employee Package Plan has doubled the sales and commissions LNL representatives secure from small employee groups. And it has started many an LNL agent in the Company's profitable Group business.

Lincoln National's easy-to-present Employee Package Plan is another reason for our proud claim that LNL is geared to help its field men.

THE
LINCOLN NATIONAL
LIFE INSURANCE
COMPANY

Fort Wayne, Indiana

Its Name Indicates
Its Character



©LNL

850 at Banquet Capping 50th Year Celebration of Los Angeles Agents

Los Angeles Life Underwriters Assn. closed a week-long celebration of its 50th anniversary with a banquet attended by many civic officials and business leaders.

The 850 in attendance heard a talk by Robert L. Walker, Peninsular Life, Orlando, Fla., NALU president. Other speakers were Commissioner Maloney, Deputy Mayor John Irwin and Charles Deto, president of Los Angeles Chamber of Commerce.

Mr. Maloney paid special tribute to life insurance and the part it has played in the phenomenal growth of the city, pointing out that nearly half of the \$22.8 billion of life insurance in force in California is in the Los

Angeles area. Charles E. Bent, Travelers, an association member for 47 years and its oldest member in point of service, presented to the group the framed copy of the code of ethics he wrote when he was president. The code later was adopted by NALU.

N. Y. Delegates to Meet

New York State Life Underwriters Assn. will establish its position on variable annuities and on welfare funds, and will determine whether it will seek new legislation on juvenile insurance, at its annual delegate meeting at Syracuse Nov. 5. Each local association will be represented by three delegates.

Colonial Ordinary Up 19%

Colonial Life's new ordinary sales for the first nine months of this year exceeded sales in the comparable period of 1953 by 19%.

Pacific Actuaries Set for Fall Rally

Pacific States Actuarial Club at its fall meeting, Nov. 4-5, Del Monte Lodge, Pebble Beach, Cal., has scheduled a four-part program with the following speakers:

Investments: Robert B. Richardson, president Western Life of Montana; Eugene H. Neuschwander, actuary Fireman's Fund, San Francisco; Barrett N. Coates, Jr., Coates Herfurth & England, consulting actuaries, San Francisco; Ralph R. Nelson, Atherton, Cal.; Arthur A. Ferguson, assistant actuary West Coast Life; David Goddard, pension actuary Marsh & McLennan, San Francisco, and Garnett E. Cannon, vice-president and actuary Standard of Oregon.

Expenses and taxation: Clarence H. Tookey, actuarial vice-president Occidental Life of California; William C. Neu, secretary Security Life & Accident; R. Lee Smith, assistant actuary New World Life; Robert N. Griswold, 2nd vice-president, associate actuary-secretary California-Western States Life; L. F. Slezak, assistant actuary Occidental Life of California; Miss Dorrance B. Glasscock, associate actuary California-Western States Life; Barrett Coates; E. V. Hoff, assistant controller Occidental Life of California, and Sherwood Adams, field actuary California department.

The actuary's role in agency matters: Harold G. Paff, actuarial director Prudential, Los Angeles; Marshall C. Pratt, assistant vice-president Security Life & Accident; William Cunningham, actuarial assistant Pacific Mutual Life; Marcus Gunn, vice-president-actuary California-Western States Life; Lehman M. Rosholt, actuary Guaranty Union Life, and Harold Crandall, Occidental Life of California.

The fourth part of the program is under the heading of miscellaneous and includes: Prof. John W. Cowee, University of California; Milton Chauner, group actuary California-Western States Life; Richard Daskais, West Coast Life; Allen E. Arnold, assistant actuary Standard of Oregon; Harry M. Sarason, consulting actuary, Pasadena; David S. Anderegg, actuarial analyst Standard Oil of California, San Francisco, and Charles Mehlman, chief actuary California insurance department.

The members are expected to be prepared to enter into the discussions even though their names do not appear on the program.

Michigan Sales Caravan Attracts Big Attendance

From 1,000 to 1,200 agents are expected to attend the annual sales caravan sessions sponsored this week by Michigan Assn. of Life Underwriters. Principal speakers are J. L. Lo-Bosco, Manufacturers Life, Welland, Ont., and E. M. Reed, National Life of Vermont, Battle Creek. Appearing with them are Roy Mathews, Wisconsin National Life, Lansing, state association president, and Harry Phillips, Sun Life, Detroit, an NALU trustee.

Stops are being made at Detroit, Flint, Saginaw, Frankenmuth, Port Huron, Lansing, Jackson, Kalamazoo and Grand Rapids.

Reduces Waiver, Term Rates

American Mutual Life of Des Moines has reduced its waiver of premium disability and its term rates. It has also increased the conversion period of its 5 year non-renewable term

from 4 to 5 years, and the period of its 10 year non-renewable term from 7 to 8 years. A 5-year renewable and convertible term has been introduced.

Premiums for the mortgage protection policy have been reduced but premium payment periods for the 10, 15 and 20 year forms have been increased from 7, 9 and 12 years to 8, 12 and 16 years, respectively.

Babcock Heads Atlantic Alumni; Crowd Is Record

Atlantic Alumni Association, which consists of graduates of LIAMA schools in agency management, at its two day meeting last week in Rye, N. Y., had the largest crowd, more than 100 in its history. The theme of the meeting was "Are You Keeping Pace?"

L. Kent Babcock Jr., general agent of Aetna Life at Philadelphia, was elected president to succeed M. Roos Wallis, general agent of Equitable of Iowa at Philadelphia. Other officers are Edwin H. May, manager of Phoenix Mutual at Hartford, vice-president; Thayer Quinby, general agent of Columbian National at Boston, secretary-treasurer, and the following directors—Philip Cross, manager Colonial Life at Paterson, N. J.; Edward H. Duffy, manager of John Hancock at Brockton, Mass. Mr. Quinby; Russell Wonderlic, manager of Mutual of New York at Baltimore; Arthur Milton, New York City manager of Postal Life; and Herbert L. Lee, manager of Prudential at Jamaica, N. Y.

Tells How Conn. General Planned Its New Building

Using his company's proposed new home office building at Bloomfield, Conn., as an illustration, Malcolm F. Hood, assistant secretary of the planning department of Connecticut General, outlined "Programming for a New Office Building" to the office management section of American Management Assn. at the AMA's annual meeting at New York City.

He said Connecticut General has decided on a horizontal rather than a skyscraper building because the former is more efficient for its purposes. Necessary shifts can be undertaken more easily due to more space on each floor. In this respect he mentioned the building planners' consideration of a conveyor system in internal transportation.

A basic consideration was that the building be flexible and functional. Others were that its cost had to be reasonable and its maintenance economic. It had to be attractive enough to draw desirable employees, and had to have room for expansion without hurting efficiency.

Campaign to Honor Cross

Lincoln National Life agents in November will dedicate their production to Cecil F. Cross, vice-president and director of agencies. To qualify for the Cross honor roll, production must be at least \$20,000.

A Service Guide

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on problems related to
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life insurance in force exceeds
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Supervised offices . . . Trained Group
men to assist agents . . . An alert
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REPUBLIC NATIONAL LIFE INSURANCE COMPANY

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Home Office, Dallas

AMERICAN RESERVE LIFE
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OMAHA

LONG TERM BANK LOANS
ARRANGED ON VESTED
RENEWAL CONTRACTS



LIFE AGENTS
GENERAL AGENTS
AND BROKERS

U. C. & G. C. serves the financial needs of those engaged in the Life Insurance Business. Your
tax problems may be simplified and savings effected. Correspondence invited.

UNDERWRITERS CREDIT & GUARANTY CORPORATION
405 Montgomery Street, San Francisco 4, California

Solid Fare at Midwest Conference

(CONTINUED FROM PAGE 3)

H. Gruendel, general agent of New England Mutual at Chicago, who spoke on "How to Use Pension Business to Build an Agency."

Pension business is a major source of production, Mr. Gruendel reported. It is high-premium, low-collection cost business, protecting a market for the agency and building that market for the sale of by-products such as business insurance and personal insurance of all types.

Pension business also helps in other agency-building problems, the speaker reported. It helps in recruiting because it permits you to take in good men who have no contacts. It helps in getting the new man started, in keeping him motivated. It helps the general agent finance the agency. It helps get the man "over the hump" into larger production, and "The man who makes the Million Dollar Round Table once will always fight to stay there." Pension business builds community recognition and prestige and helps get brokerage.

To get into the pension business, an agency should secure a pension specialist. The logical person is the general agent, Mr. Gruendel said, and today there is such a wealth of literature and services that getting grounded in pensions is not too big a task.

Other possibilities for the specialist are a supervisor who isn't too good in personal production; an agent who is more a student than a salesman; a recruit who is an attorney or trust man, or an independent broker.

Mr. Gruendel recommended that an agency getting established in the pension business go after the smaller case first. "Have a way you could handle a large case if it is dropped in your lap; but look for the small cases." The speaker also recommended being in all areas of employee-benefit plans, group, salary savings, etc., as well as in pensions in order to offer rounded service and not to have to fight competition from a form of such plans the agency does not write.

Finally, get a track to run on in the presentation, Mr. Gruendel advised. "It will give your men confidence, especially when they are just getting into the work."

Concluding speaker at the Friday morning session was Travis T. Wallace, president of Great American Reserve, and of the Marketing Institute at SMU. Mr. Wallace, introduced by G. E. Steigerwald, ordinary manager of Prudential at Indianapolis and president of the Indianapolis A&H Assn., spoke on "Getting the Established Man into A&H Selling."

Mr. Wallace made several recommendations for the life agency first going into A&H.

"First, you must sell yourself on A&H. Every company which has gone into A&H—and every company will, eventually—has been shocked at how little they've been able to write the first year or two. The bottleneck in every case has been the general agent or manager. Get rid of your false notions and concepts about A&H. Really understand what it is and how vitally important it is. That's the first, essential step in getting your men into it."

"Second, become familiar with the product. Drill yourself in a good sales talk and go out and write a good block of A&H business yourself before you talk to your men about it. If you don't want to do it, a weak second choice is get a good man in your agency to do it and then have him help you sell the

agents.

"Third, put training emphasis on skill as contrasted with knowledge. Drill them in words, not ideas. Be sure that the approach is smooth, because that's the place the new man stalls."

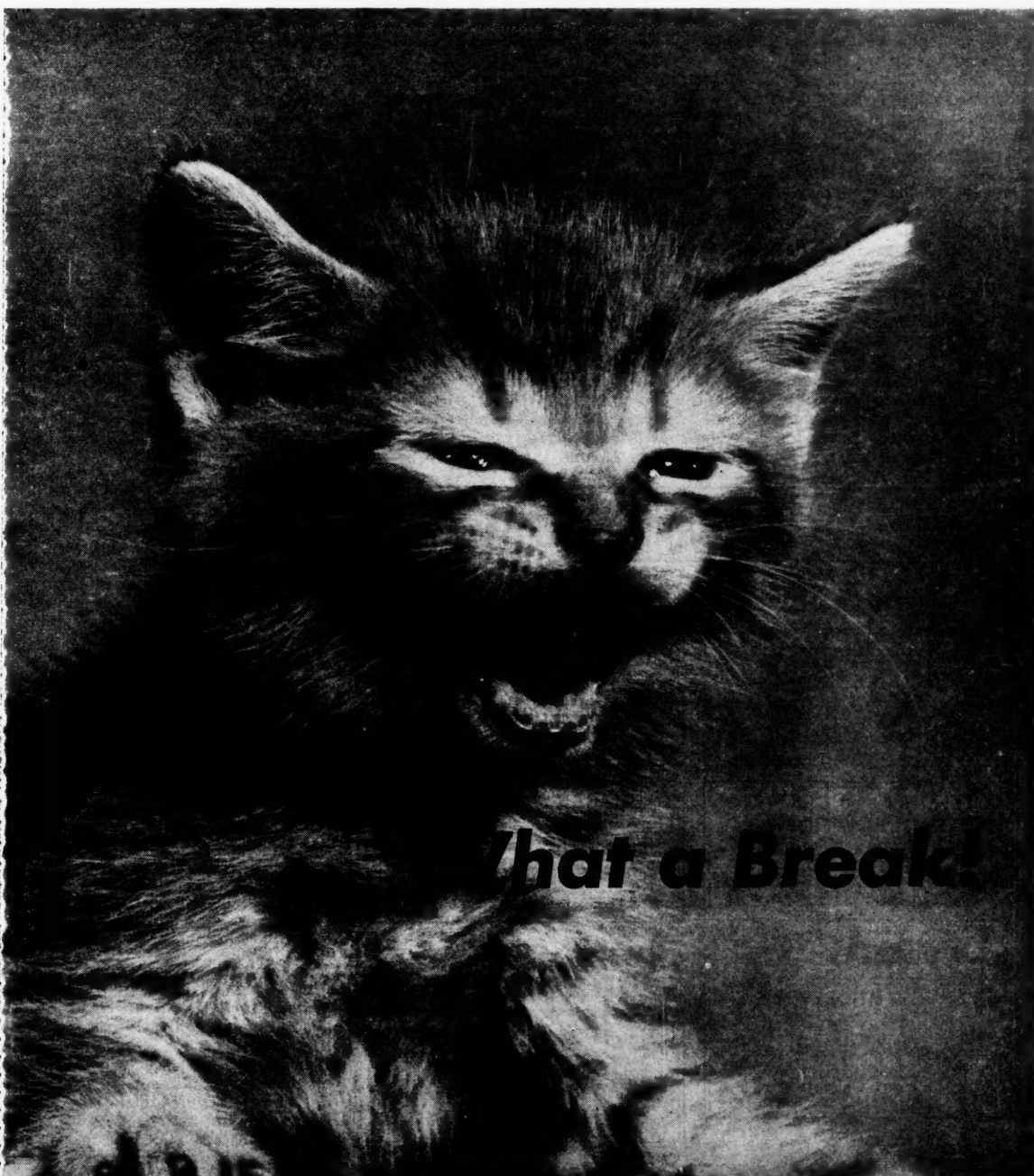
"Fifth, integrate life and A&H production credits so a man gets recognition for A&H production."

"Sixth, be sure your rules, rates, and forms are clear and simple, and 'seventh, sell your men and then keep everlastingly at reselling them.'"

The Friday luncheon was without a program, the conference reconvening for the afternoon session to hear, first, Charles H. Schaaff, vice-president of Massachusetts Mutual, introduced by E. Leo Smith, general agent of the company in Indianapolis. Presiding at the afternoon session was Grant O. Q. Johnson, manager of Indianapolis Life, conference vice-chairman.

Mr. Schaaff enumerated 12 areas of activity a general agent or manager must master if he hopes to succeed:

"1. Your philosophy of the job and of life; 2. over-all planning, including specific objectives; 3. financial management; 4. self management; 5. sales management; 6. relations with the home office; 7. relations with your clerical staff; 8. relations with your supervisory staff; 9. relations with policyholders and the public; 10. relations with the community; 11. rela-



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I was up a tree about my insurance career until I joined Union. Now I'm part of the happy family where even the "top dogs" are informal and friendly. You can hear me purring all over the lot about the opportunities "growing up" with this young, progressive company.

Roy A. Foan, Vice President and Director of Agencies

A network of General Agencies throughout Union's 16 states is presently in formation. A few choice territories are still available.

UNION CASUALTY AND LIFE INSURANCE COMPANY

17 East Prospect Avenue, Mount Vernon, New York

tions with old organization, and 12. new manpower development, not just recruiting."

Mr. Schaaff warned general agents and managers against becoming office managers instead of sales managers, and against becoming involved in community activity to such an extent that the burden saps time and energy from the business.

If any of the 12 areas of activity can be said to be more important than any others, Mr. Schaaff concluded, they are the areas of philosophy of the job and life, the job of sales management and the establishing of new manpower.

The Friday afternoon session was concluded by Stuart A. Monroe, general agent for Mutual Benefit Life at Chicago. He was introduced by W. Oliver Cass, general agent for the company in Indianapolis.

Mr. Monroe spoke on the effect of the new tax law on selling. Discussing the new reversionary interest law, Mr. Monroe declared there are two schools of thought. One believes that if the transferee has the right to completely destroy the property (such as right to surrender the policy), there is no possibility of reversionary interest. The other school believes that it will not be safe to do anything until the regulations are clear.

Enumerating the possible methods of transfer and ownership arrangement, and appraising the reversionary possibilities in each he warned that it is not as easy to get money out of the

husband's estate as it might seem now that the premium-payment test has been dropped. "Hasty action can create problems," he pointed out.

"As far as the purchase of new insurance goes," the speaker declared, "it is my personal opinion that there can be no possibility of reversion since the insured never owned it."

"However, hold in mind that under the marital deduction concept, you don't have the true tax picture until you have considered the total tax on both husband and wife," he said. "Often these transfers do not save enough total dollars to justify complicating the estate. What the new law does do," he continued, "is give a man a chance to pay estate-transfer costs in advance, at a discount, on the installment plan through life insurance."

The new law creates no need for change in the pattern of distributing property established by the 1948 law, the speaker reported. "The half and half method (half to wife and half in trust) still produces the lowest total tax. The new marital deduction rule does mean, however, that it is no longer necessary to separate the qualifying and non-qualifying funds. They can all be in one policy, and the mathematical formula clause will no longer be needed in wills."

The new gift-tax laws will bring about a greater use of the trust for minors, Mr. Monroe predicted. "The new law permits an accumulation trust to age 21, and the trust may be used

to buy life insurance. In such trusts, however, be sure the distribution is the child's estate. It will then qualify as a present-interest gift."

Mr. Monroe expressed the opinion that the new law on transfers for value, exempting business insurance transfers, will greatly simplify many business insurance cases. "Whereas before it was necessary to decide in advance whether to cross purchase or have the corporation buy, which meant the case might be upset by an attorney who insisted on the purchase plan not ordered, now you order the plan on cross-purchase and change it to corporation purchase if an attorney insists." The speaker warned that corporation ownership can't be changed to cross-ownership, however.

The new law on transfers for value means that principals in family-owned businesses can get dollars out of the corporation by making such transfers for value.

The elimination of the need for a prior agreement in order to obtain the \$5,000 death benefit exemption for employees probably makes the proceeds so paid free from estate as well as income tax, Mr. Monroe advised. "Without an agreement, the employee owned nothing at time of death. The money was paid after death."

The new tax law is tremendously challenging, Mr. Monroe concluded. "We'll be living under it for years to come. Keep abreast of developments, and you'll see many sales opportunities opening up."

Friday evening was devoted to a reception for registrants and wives followed by a dinner-dance, with Ray Patterson, general agent of Penn Mutual Life at Indianapolis, serving as master of ceremonies. One entertainment feature was a satire on agency vice-presidents starring Kenneth Anderson and James Norton, of R & R, and William Smith, general agent of Wisconsin National, Indianapolis, who acted as Mr. Newman, a new general agent who found a vast difference between home office reception at the time of hiring and after a mediocre year. The skit was written by Alden Palmer, chairman of R & R, author of the famous President Bushwah series of plays which were features of earlier conferences.

Given special introductions during the evening were a group of seven Massachusetts Mutual general agents representing \$37,000,000 of annual new business and five Northwestern Mutual general agents representing \$45,000,000. Also introduced at the meeting were Herbert Graebner, dean of the college of business administration at Butler university, newly-appointed dean of the American College, and Dr. J. E. Hedges, head of the insurance department of Indiana university.

"A manager should not only know the life insurance business but also how to promote the sale of life insurance," W. K. Niemann, Bankers Life of Iowa manager at Des Moines, told the closing breakfast session on Saturday morning. Presiding at the session was Hilbert Rust, president of R & R. Mr. Niemann was introduced by Horace Storer, Bankers manager at Indianapolis.

"The first step in agency operation is to hire good men," Mr. Niemann declared, "and the next step is to develop a success theme for the agency. There are no 'naturals' in this business, he said, good men come from hard work and from demanding that every man do a minimum job every day. Closing and summary speaker was

R. W. Osler, vice-president, Rough Notes Co., Indianapolis. Reviewing the highlights of each talk, Mr. Osler declared that the one theme that seemed to run through all of them was the necessity for the manager to develop true leadership.

"We are in desperate need of true leadership today," he charged. "All about us are trends that seem to me to be inimical—the rise of mutual funds, the use of group as a means, not of protecting the employer in his moral obligation...but as a means of 'selling it wholesale'; and the continuing trend toward social insurance as evidenced by the expansion of social security."

The trend toward social insurance cannot be stopped at the political level," he warned, "as evidenced by the fact that it continues even under what most of us expected to be a conservative administration. We must, therefore, set out to stop it at the 'wants' level by so saturating the market that here is no push from the public itself for social insurance."

"It is a job that takes strong leadership," Mr. Osler concluded. "It takes the kind of leadership that sees the sale of life insurance, not just a business, but as a crusade to preserve Democracy. The responsibility this places on you as agency men is a great one, a terrifying one. Maybe it's one you don't even want, but by the nature of your job, it's there. For love of God and for freedom, rise to that responsibility, won't you?"

To Form New Association

LOS ANGELES—Election and installation of officers of a new life underwriters association in the East Los Angeles-Whittier area will take place early in November. At a recent luncheon the following nominating committee was selected: M. C. Kirby, American National; Patrick A. Cicoria, John Hancock; Alfred B. Fritz and George Madison, Metropolitan; and Lyford Morris and William R. Wilson, CLU, both of Prudential.

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THE BOURSE

PHILADELPHIA

Sunday Supplement Ad Dollar Is Tops, Prudential Reports

In the large city areas, which are the most important markets for 60% of Prudential agents, the company has found that Sunday newspaper supplements provide 55% of advertising coverage, compared with 40% provided by the *Saturday Evening Post*, a typical large consumer magazine, Henry M. Kennedy, advertising director, said.

Mr. Kennedy, speaking at a forum of Public Relations Society of America at University of Minnesota, declared that newspaper supplements offer "the greatest mileage for each dollar." Though this is particularly true in the big cities, it also holds for rural and small town areas, where "there is less waste circulation" in the supplements. Coverage in the *Post* comes close to being commensurate with Prudential's insurance in force in respective areas of medium population.

Advertisements in the supplements take a simple "poster" form, the stress being put on a single idea and an eye-catching illustration while the amount of copy to be read is at a minimum. It has been found through pre-testing for popularity and comprehension that an ad that is well-received not always is the best understood.

By using only the ads in the upper half of those pre-tested, the company was able to cut its cost in one instance from about \$36 for each 1,000 messages to \$16 per 1,000 messages. Though the cost figures of \$36 and \$16 may change with the overall circulations of the particular publications compared, the relationship between the two will remain fixed, Mr. Kennedy said.

A television advertiser for several years, Prudential is sponsoring this year the CBS show, "You Are There," which it believes is more compatible with life insurance than the Sid Caesar-Imogene Coca show, which it sponsored the year before last. It also is a major user of radio time, believing the cost is low enough to permit continuous advertising impact through five-times-a-week broadcasts.

Indianapolis Life Starts A&H With Wide Policy Line

Indianapolis Life, which is nearing its 50th year, is beginning A&H operations with a wide line of coverages. A&H operations are headed by Charles E. Ray.

The company will write five personal A&H policies as well as hospital policies on an individual and family basis. Dividends are to be paid according to company experience.

The new policies were introduced at a counselors' club convention at Estes Park, Col., and will be presented to the remainder of the field force through a series of regional conferences conducted by Mr. Ray.

Policies, renewable at the option of the company, include: Select accident and select A&H, providing life-time benefits for accident and two years of sickness benefits; standard accident and standard A&H, providing accident disability benefits, up to two years, and sickness benefits for one year; a basic accident policy providing a combination of accidental death and dismemberment benefits and accident medical expense. Various types of A&H medical expense riders are available.

Under hospital policies, room benefits are provided, up to 100-day period, and extras are reimbursed on a graduated basis up to 20 times daily room benefits. Maximum benefit surgical schedules of \$200 or \$300 are optional on either individual or family policies, and the latter contains maternity benefits payable after a nine-month period.

CLUs Issue Bulletin on Chapter Activities

American Society of CLU Chapter Activities is a two-page, two-column newspaper-style bulletin designed as a clearing house of information for the society's 89 local chapters. Lorraine Sinton, sales promotion manager for the Paul Cook agency of Mutual Benefit Life in Chicago, was chairman of the chapter activities committee that developed the idea for the new publication and Alice Roche Hare, director of sales education at the Provident Mutual home office,

was subcommittee chairman responsible for the complete plan of *Chapter Activities*. The publication is being issued from CLU headquarters at Philadelphia.

LIA Elects West Coast Life

West Coast Life has been elected a member of Life Insurance Assn. of America, bringing membership to 106 companies.

Buy 14-Story Cincinnati Building

The Enquirer building, 14-story downtown Cincinnati office building,

has been purchased for nearly \$3 million by an investment group which includes W. J. Williams, vice-president of Western & Southern Life, and his brother, James R. Williams. The building was formerly owned by members of the McLean family and the McLean estate.

New Conn. General Brokerage Unit

Connecticut General has opened a brokerage office in White Plains, N. Y., at 172 South Broadway. Lyman R. Whelan, formerly brokerage assistant in New York City, is manager.

1,900,000 Businessmen are reading about MONEY MODULE

Bigger Benefits FOR YOUR EMPLOYEES at Lower Cost!

MONEY MODULE FOR SMALLER EMPLOYEE GROUPS

MONEY MODULE is a COMPLETELY NEW "build-your-own, unit-by-unit" plan which offers in one package various combinations of:

1. Retirement pension for the employee.
2. Death benefits for his dependents.
3. Income to his widow to supplement Social Security.
4. Disability income for the employee.
5. Hospital and surgical benefits for the employee and his family.

Until the invention of MONEY MODULE, there was no comprehensive employee benefit plan specially designed for small groups. Now the smaller business can meet the larger companies on their own ground—offer employee

benefits even more attractive than those the competition offers, at a special low cost!

Through MONEY MODULE, it's often possible to cover employee groups of as few as 10 to 25 people, at a cost as low as 1¢, to 10¢, of pay roll, depending on the benefits to be provided. In some cases, part of this cost has been covered by employee contributions.

Electronic "Brain" Helps Make MONEY MODULE Possible

New electronic equipment handles the complex "paperwork" of this amazingly flexible plan so speedily and so efficiently that MONEY can pass on the resulting savings and benefits of unit construction!

CHECK THESE IMPORTANT ADVANTAGES OF MONEY MODULE

1. Costs low! More benefits for less cost than other plans for small business firms!
2. Covers older employees! Older employees can be given adequate benefits without undue initial heavy investment!
3. Unit costs grow smaller as plan grows larger! Because of its unique structure, MONEY MODULE can reduce the unit cost per person as the average size of the benefit per person and number of lives covered increase.

FLEXIBLE • ADAPTABLE • ECONOMICAL • EFFICIENT

Send for full details—today! Mutual Of New York is the only life insurance company that offers this unique plan. Let a MONEY representative show you why it is the most beneficial, most flexible, most inexpensive employee-benefit plan ever offered to smaller business firms. Just mail the coupon.

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THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK
"FIRST IN AMERICA"

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Broadway at 53rd Street, New York 19, N. Y.
I'd like to find out more about MONEY MODULE
and what advantages it offers me and my employees.

Name _____ Title _____
Company Name _____
Type of Business _____ No. of Emp. _____
My fiscal year ends _____
Address _____ State _____
City _____

Powell Vice-president of Loyal Protective

Jerome M. Powell has been elected a vice-president of Loyal Protective. He will continue in charge of underwriting and as treasurer.

He joined the company in 1946 as a clerk in the actuarial department, was appointed assistant actuary in 1949 and was elected life underwriting secretary and treasurer in 1951.

A fellow of Society of Actuaries, he is also a member of the underwriting and conservation committees of H&A Underwriters Conference. He recently served as chairman of Boston Actuaries Club.



J. M. Powell

Portland A&H Assn. Name Changed; Powell Speaker

Portland Assn. of A&H Underwriters has changed its name to Oregon Assn. of A&H Underwriters. At the meeting where the amendment to change the name was adopted James E. Powell, vice-president Provident Life & Accident A&H department, spoke on the need for vigilance on the legislative front in order to protect the future of A&H business.

He stressed the importance of strong local associations when things are to be accomplished on a legislative front and advised the members to watch all bills introduced in the next session on the estate level, noting that this was often the forerunner of legislation on the national level.

Estimating this year's A&H premi-

um volume at somewhere around \$3 billion, Mr. Powell predicted a \$7 billion business in the years ahead. He said adverse publicity has dogged the steps of the A&H business during the past year, but this has served only to make the company leaders more aware of their responsibility to the public and the agents representing the many companies handling this type of coverage.

N. W. Mut'l Loan Men Meet

Sixty-six mortgage loan representatives who handle Northwestern Mutual Life's entire mortgage loan business participated in the first loan agents' convention in recent company history, which was designed to give the agents a picture of the company's past experience and future prospects in the mortgage loan business. Meeting for three days at the home office, the agents attended all-day panel sessions. The program included a dinner for loan agents, company trustees, executive officers and departmental officers.

Pru Managers Committee Meets

A meeting of Prudential's district agencies field management advisory committee recently brought to the Newark home office 20 outstanding managers and staff managers from the eastern, middle Atlantic and midwestern states.

Paul B. Palmer, vice-president in charge of the district agencies department, presided.

C. F. Eddy Assistant Manager

Aetna Life has named Charles F. Eddy, formerly agency assistant in the home office, assistant general agent at Dayton, succeeding Robert D. Slimon, whose appointment as general agent at Bridgeport was reported in the Oct. 8 issue. Mr. Eddy started with the company in 1951 at Cincinnati and was agency supervisor at Louisville before going to the home office earlier this year.

Bankers, Neb., Makes Several Field Changes

Bankers Life of Nebraska has made several changes in its general agency ranks. R. E. Roush has retired as general agent at Clinton, Okla., after 23 years in that post and nearly 30 years with the company. He will continue in personal production. His son, W. L. Roush, has been advanced to general agent at a new agency office in Oklahoma City.

P. W. Bodenstab has been appointed general agent at North Platte, Neb., replacing A. R. Rasmussen who has been named to a similar position for the company at Salina, Kan.

James W. Conley has been appointed general agent at San Francisco.

Fred C. Thomsen, Minneapolis general agent, has been transferred to Kansas City to succeed the late Lewis B. Leflar.

Capitol Life, Cal., Promotes Pat Tearle, C. H. Fowler

New Capitol Life of Colorado superintendents of agencies are Pat Tearle, for Los Angeles county, and Clifford H. Fowler, for Arizona and California, exclusive of Los Angeles county.

Mr. Tearle, formerly Capitol manager at Los Angeles, entered insurance



C. H. Fowler



Pat Tearle

in 1936 with Southland Life. He went with Security Life as a general agent in 1942, joining Capitol at Los Angeles the following year.

Mr. Fowler, in life insurance 33 years, started with Metropolitan Life and later went with New York Life. He then served in various managerial positions throughout the country for Monarch Life, California-Western States Life, Pacific Mutual and Ohio National.

Myer Agency Leads

The Myer agency at New York placed highest among all Mutual of New York agencies in September and the first nine months of 1954 in both volume sold and number of policies issued.

Second place in year-to-date sales was taken by the Meehan agency at Boston. The Hodgkinson agency at San Diego was runner-up in both periods in policies issued, and the Persons agency at Chicago was second in volume sold in September.

The Sumner agency at Toronto topped all others in A&H production in both periods.

Liberty Life Appointments

Liberty Life of Greenville, S. C., has appointed T. B. Rhame combination manager at Manning, S. C., and William T. Lyon and Wallace P. Buran ordinary managers at Atlanta and Albany, Ga., respectively.

New assistant combination managers are William E. Cunningham, Jr., Charlotte; Robert J. Horne, Monroe; G. M. McDuffie, Jr., Lumberton, and W. S. Thomas, Rockingham, all of North Carolina; Jean B. Meek, Camden, and Joseph E. Rimes, Winnsboro, both of South Carolina, and William F. Whitaker, Augusta, Ga.

Appointed in the ordinary division

at Washington, D. C., are Horace L. Atwell, Jr., associate manager, and Clarence M. Price, assistant manager.

A&H Men Aid Blind

When Wisconsin Assn. for the Blind held its annual meeting in Milwaukee a group of members of the A&H Underwriters of Milwaukee rendered valuable service. They used their autos to meet trains and buses and also pick up local members at their homes and conveyed them to the meeting place. During the afternoon they acted as "eyes" and later assisted in serving the dinner. The agents also arranged for music and a guest speaker. A. H. Bond, Jr., Bankers Life of Iowa, was chairman of the committee in charge.

Huebner Los Angeles CLU Speaker

LOS ANGELES—Dr. S. S. Huebner, founder of the CLU movement, will be the speaker at the annual Los Angeles chapter conferment luncheon Nov. 15 when 21 new CLU's will receive their designations. Dr. Huebner will speak on "The Magnitude and Significance of Human Life Values." He will deliver a lecture at Hancock hall, University of Southern California, Nov. 18.

WANT ADS

Rates—\$18 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—LIFE EDITION

ASSISTANT MEDICAL DIRECTOR

An Assistant Medical Director is needed immediately by a fast growing, mid-western Life Company.

This is a newly created position brought about by rapid expansion. We need a man between the ages of 35 and 45 with a degree—Doctor of Medicine, Class A School.

Two to five years experience in the active practice of medicine and/or two years related experience in the Life Insurance field is desired. (Specialized training such as post-graduate work and a residency in medicine is preferred).

Starting salary up to \$11,000. Excellent program of Employee Benefits. Moving expenses will be paid.

Please write a resume of your education and actual experience c/o Box No. B-55, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

SYSTEM SUPERVISOR AVAILABLE IMMEDIATELY

Over 15 years accounting systems experience, thorough knowledge of punch card equipment. Family health reasons necessitate moving from cold, humid climate. Address B-54, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

AGENCY SUPERVISOR WANTED

Well established Southeastern Combination Company has opening for Company Supervisor of Agencies. Must have successful background. Give complete personal history. Address National Underwriter Company Box B-42, 175 W. Jackson Blvd., Chicago 4, Illinois.

OPPORTUNITY

A rapidly growing Company in Mid-West with over \$100 million insurance in force has excellent opportunity for right man to start as Asst. Agency Director or Supt. of Agents. A&H or Group experience not necessary, but desirable. Write Box B-38, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Group Supervisor

Qualified and available for immediate responsibility. Nine years of successful supervisory experience with present Company. Address B-65, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

NEEDED SUPERINTENDENT OF AGENCIES

for a sound, rapidly-growing Company with around Seven Hundred Millions of Insurance in Force and over a Hundred and Fifty Millions of Assets.

Applicant must have experience in recruiting, training and supervision of a sales organization. The position would demand the normal amount of travel.

A Company Vice-President will be at the Edgewater Beach Hotel, Chicago, during the week of November 7, 1954. In order that our Vice-President may contact you, send your qualifications, under confidential cover, and where you may be reached by telephone during that week to:

B-35 NATIONAL UNDERWRITER
175 West Jackson Blvd.
Chicago 4, Illinois

Tax Still

Although insurance 1954 in the tax elimination test for of taxin lem, Eu of Life Assn. of Policy involved block, h a policy goes for Guest J. Mago counsel ard J. and Alea eral cou am R. counsel

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Nicholas D.

Banker

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Taxation of Companies Still Thorn, Thore Says

Although saving through life insurance has been encouraged in the 1954 internal revenue code by removal of such thorns as the inequities in the taxation of annuity income and elimination of the premium payment test for policy ownership, the method of taxing companies remains a problem, Eugene M. Thore, general counsel of Life Insurance Assn., told Newark Assn. of Life Underwriters.

Policyholders and agents are involved in the solution to this roadblock, he said, for of every \$100 which a policyholder pays in premiums, \$3.50 goes for state and federal taxes.

Guests at the meeting were John J. Magovern, Jr., vice-president and counsel of Mutual Benefit Life; Richard J. Congleton, general attorney, and Alexander Query, associate general counsel of Prudential, and William R. Gannon, vice-president and counsel of Colonial Life.

Manhattan Life Names Dop General Agent at Chicago



Nicholas Dop, Jr.

Manhattan Life has appointed Nicholas J. Dop, Jr., formerly supervisor at Chicago, general agent there to take over the territory handled by the Simpson agency, which has been closed due to the illness of General Agent Grover C. Simpson.

Bankers Security in Move

The ordinary life accounting and underwriting office of Bankers Security Life Ins. Society has moved from Des Moines to the Cafritz building, 1625 "I" street N.W., Washington, D.C., effective Oct. 18. Allen Eastlack, vice-president, Des Moines, is in charge of the new office as actuary and underwriter. There is also a regional sales office at the Washington location managed by J. Reuben Darr, CLU, of Des Moines. A regional sales office is maintained at 1017 Walnut street, Des Moines, headed by Raymond L. Smith, vice-president.

Knowlton Chicago Speaker

Donald M. Knowlton, New Hampshire commissioner and president of National Assn. of Insurance Commissioners, gave a talk on "The Impact of Public Opinion on Insurance Supervision" for the Oct. 28 meeting of Union League Club of Chicago insurance members.

National L&A to Build TV Tower

National Life & Accident will build a \$500,000 television tower for its WSM-TV station in Nashville. The 1,340-foot tower, to be located on a hill 869 feet above sea level, will replace the present 508-foot tower.

Discuss Union Mutual Expansion

Roland E. Irish, president of Union Mutual Life, and John R. Carnochan, vice-president of agencies, held a two-day conference with executives of Swett & Crawford, San Francisco, the company's Pacific Coast manager, to discuss expansion plans.

Cal. A&H Managers Plan Meet

California Assn. of A&H Insurance Managers is completing the program for a meeting Oct. 29 in San Francisco. J. P. Williams Jr., Bank of America, will speak at an afternoon sales congress.

Tax Institute at Columbus, O.

An institute on federal taxation is

being staged on Tuesdays and Thursdays, the last session to be Nov. 16, by Columbus (O.) Inter-professional Council. Comprising the group are members of the bar association, life underwriters, certified public accountants and bank organizations. Forty speakers will appear on the program.

• The Solomon Huber agency of Mutual Benefit Life paid for \$1,860,720 on 41 lives in September. This excludes credit for term riders and annuities. The company does not write group.

Haines and Sheldon Join Mutual Staff

George E. Haines and John F. Sheldon have joined the sales promotion staff of Mutual of New York. Mr. Haines will be active in promotion and advertising and Mr. Sheldon will be editor of *Points* Mutual's monthly sales publication. Both have been active in advertising and public relations.

• San Antonio Life Managers heard a talk by A. W. Cantwell, vice-president of American H&L.

Hartford Assn. Honors Vincent B. Coffin

Vincent B. Coffin, senior vice-president of Connecticut Mutual and 1954 winner of the John Newton Russell memorial award, was honored at the monthly meeting of Hartford Assn. of Life Underwriters.

Charles J. Zimmerman, managing director of LIAMA, presented an illuminated scroll, a transcript of the citation Mr. Coffin received in recognition of his contribution to life insurance.

NOT AN EXPENSE

It could be said in a negative way that the company that does not advertise is reactionary, unprogressive, old-fashioned and not in step with the tempo of modern business.

But we prefer to state it positively; to say, in brief, that the successful company is always the one that believes in advertising; that *uses* advertising to develop and extend its business and its agency organization.

Such a company knows that advertising is not an expense comparable to rent, light, heat, office maintenance, etc., but that it involves spending money to *make* money. It is a known and established way of improving the financial and agency situation of any company that will employ it intelligently.

An insurance company with this conception of advertising, arranges to include in its program and budget the quality, service-giving insurance papers, and always, of course, The National Underwriter.

The **NATIONAL UNDERWRITER**
Largest Circulation of Any Weekly Insurance Newspaper



Number nineteen of a series.

EDITORIAL COMMENT

Cold Water Needed for Tontine Promotion

At the National Assn. of Life Underwriters convention in Boston in September it became known for the first time to many that there has been a considerable increase in the writing of tontine policies in the south, the southwest and the southeast. Nearly all of those who learned of this were surprised and most of them were disinclined to believe that the writing of tontine business had become so widespread as it has.

A majority of those in the life insurance business today know the word "tontine" only as being descriptive of a form of policy that was written on a rather large scale prior to the so-called Armstrong investigation of 1905. At that time the writing of such contracts was outlawed in New York principally because the investigation developed that special tontine funds had not been maintained or segregated, but had instead been commingled with the general funds of the companies writing such contracts. Today the issuance of tontine policies in many states is prohibited specifically.

But on the evidence it can no longer be doubted that tontine policies are definitely on the increase. One Arkansas company is actually making a specialty of writing tontine contracts, and it must be acknowledged that it is having real success in popularizing this type of policy.

The tontine policy of today seems to appeal to those who have shown an interest in mutual funds or in the stock market. They like the accumulation feature of the tontine contract. Actually, a tontine policy is not complicated. It calls for a higher premium than would otherwise be paid, the additional premium being allocated to a tontine fund which is distributed prorata to those who survive to the termination of the contract. Tontine

policyholders who die, lapse or surrender before the appointed time lose the tontine portion of the premium which is then divided among the survivors.

At the NALU meeting in Boston the objections made to the tontine contract were principally the way in which it is usually sold. It was contended that the tontine policy is almost invariably misrepresented; that the possible final result is nearly always overestimated and that in any event the projections made are misleading because they are based on a number of "ifs." The opponents of the tontine policy feel that if the highly liberal "estimates" made at the time of the sale are not realized the life insurance business is liable to fall into disrepute because the holders of such contracts will feel that they have been cheated, that they have not been told the truth and that they were induced to buy on false representation.

In the states in which the sale of tontine policies is prohibited by law all of this is of course a matter of no interest, but it should be noted that an increasing number of companies, especially the newer and smaller ones, are managing to get a good start during their early years by specializing in the sale of tontine contracts.

This should not be dismissed as unimportant or of no significance. Instead it should be recognized that the sale of tontine business is in certain areas increasing rapidly, that they have a strong appeal for a certain type of prospect and that unless the tontine funds that a growing number of companies are accumulating are maintained, earmarked as such and supervised rigidly by state authorities, the life insurance business is liable to be brought into discredit again as it was so disastrously nearly 50 years ago.

If the FTC Were Really Consistent

What a different world this would be if the federal trade commission were to apply the same standards to the advertising of other products as it did in its recent complaints against 17 A&H insurers! If consistency is an FTC virtue, we should soon be seeing passages like these in future FTC announcements:

"Respondent's advertising stated: 'Gaspo cigarettes cause LESS throat irritation than other leading brands.'"

This would mislead the public. The claim is accurate only because fewer people had the hardihood to smoke Gaspos, hence in the aggregate there was less irritation...."

"Advertising claimed: 'You'll sleep like a baby on a Lumpsey mattress.' This is misleading because it is true only in the sense that the user would wake up screaming every few hours."

"Advertiser of a miniature radio claimed it to be 'The world's smartest,

most usable gift.' But tests by the national bureau of standards showed a French poodle to be 4.5 times smarter than a miniature radio. Further tests showed the product to be below the 50th percentile in usability among all possible gifts."

"A telephone company advertisement claims: 'The nicest gift of all is a long-distance call.' The fact is that this could mislead and cause serious trouble for a man who relied on this advice when what his wife really wanted was a mink coat. The public should not be subjected to such hazards through advertising."

"Fights tooth decay the best-tasting way,' a toothpaste advertiser claims for his product. But a panel of expert toothpaste testers, operating under rigidly controlled conditions, failed to

find this toothpaste tasted the best, said taste is a matter of taste."

"Respondent claimed its new electric razor would 'shave your tough old beard baby-smooth.' But tests made at the bureau of standards with a surface gauge to compare a freshly shaved face with a baby of standard smoothness showed the baby to be 6.748% smoother than the face. This kind of deception of the American public cannot be tolerated."

Remembering the scare caused by Orson Welles' famous broadcast of a fictional Martian invasion, we want to re-emphasize that the above specimens are purely imaginary—up to now, anyway. We wouldn't want to deceive our public. Particularly since the FTC might cite us for it.

PERSONAL SIDE OF THE BUSINESS

Arthur W. Theiss, vice-president of Patriot Life, was featured in a column-long article in the Oct. 18 issue of *Advertising Age* as the result of his election as president of Direct Mail Advertising Assn. The story reviewed Mr. Theiss' business background and observed he is bringing to the presidency of DMAA "the precision of a life insurance executive."

The appointments by New England Mutual in its agency department of Lorne S. Brown as assistant director



W. B. Ferguson

L. S. Brown

of field training and of William B. Ferguson as assistant director of agency finance were reported in last week's late news bulletins. Mr. Brown formerly was in the home office agency department of Canada Life. Mr. Ferguson, with Massachusetts Mutual since 1938, was named home office agency assistant in 1948.

Ruth M. Kelley, general agent at Detroit for Manhattan Life, represented life insurance on a four-woman panel that discussed "Your Financial Future" at a meeting in New York of the Manhattan Chapter of National Federation of Business and Professional Women's Clubs.

Mararet Divver, advertising manager of John Hancock, won five cents in a "contest" sponsored by Sports

Illustrated, the new Time, Inc. magazine. As one of the advertising executives who "guessed" the name of the magazine, her picture appeared in a *Sports Illustrated* ad carried by 16 newspapers in most major cities on Oct. 27.

Joseph J. McGee, Jr., executive vice-president of Old American of Kansas City, was elected secretary and a director of Direct Mail Advertising Assn. at the annual meeting in Boston. The association is comprised of more than 2,000 individuals from firms of every branch of industry. Old American was awarded the association's prize for the outstanding direct mail in 1954 in the insurance field.

Mrs. Edwin H. Craig, wife of the chairman of National Life & Accident, has secured as a gift to National Society of Colonial Dames the ancestral home of John Overton, associate of Andrew Jackson. Mrs. Craig is state chairman of the society.

E. J. Coffey of H. K. Coffey & Associates of Portland, Ore., president Oregon Assn. of A&H Underwriters, is progressing satisfactorily after having been hospitalized for surgery.

Tom N. Moody, general agent for Connecticut Mutual Life at Fort Worth, has been elected chairman of the Business & Estate Council there.

N. Y. Leads in Ordinary

Among the large cities, New York led in the rate of increase in sales of ordinary for September with a gain of 16%, according to LIAMA. The first nine months were the same as for 1953. For the other largest cities the percentage gains for September and the first three quarters, respectively, were as follows: Boston, 6 and 9; Chicago, 10 and 5; Cleveland, 6 and 4; Detroit, 12 and 2; Los Angeles, 8 and 4; Philadelphia, 13 and 3; and St. Louis, 3 and 6.

THE NATIONAL UNDERWRITER

—Life Insurance Edition
EDITORIAL OFFICE:
99 John St., New York 38, N. Y.
Editor: Robert B. Mitchell.
Assistant Editor: Warren Kayes.

ATLANTA 3, GA.—432 Hurt Bldg., Tel. Walnut 9801. O. Robert Jones, Southeastern Manager.
BOSTON 11, MASS.—207 Essex St., Rm. 421. Tel. Liberty 2-1402. Roy H. Lang, New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. A. J. Wheeler, Resident Manager.

CHICAGO EDITORIAL OFFICE:
175 W. Jackson Blvd., Chicago 4, Ill.
Associate Editors: John C. Burridge, Charles C. Clarke and William H. Faltyssek.
Assistant Editor: Edmund J. Brophy

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgenuth, News Editor; Roy Rosenquist, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis, Southwestern Manager.

DETROIT 26, MICH.—607 Lafayette Bldg., Tel. Woodward 1-2344. A. J. Edwards, Resident Manager.

ADVERTISING OFFICE:
175 W. Jackson Blvd., Chicago 4, Ill.
Advertising Manager: Raymond J. O'Brien.
SUBSCRIPTION OFFICE:
420 E. Fourth St., Cincinnati 2, Ohio.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

Howard J. Burridge, President.
Louis H. Martin, Vice-President.
Joseph H. Head, Secretary.
John Z. Herschede, Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Clarence W. Hammel, Resident Manager.
PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127. Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.
PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Bernard J. Gold, Resident Manager.
SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.



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DEATHS

GEORGE O. SHEFFIELD, 53, secretary of Life of Georgia since 1945, died at his home in Atlanta. He joined the company in 1925, and was in Alabama for a year before going to the home office in 1929, becoming assistant secretary in 1934. He also served as assistant treasurer. Mr. Sheffield's brother, I. M. Sheffield, Jr., is chairman of the company.

ALEXANDER LaFLAMME, 74, former assistant manager of Metropolitan at Lansing, Mich., died in a hospital during a vacation trip. He was with Metropolitan there from 1902 until his retirement in 1939.

RUSSELL H. CONNER, 58, manager for Western & Southern Life at Toledo until his retirement, died there after a long illness. He was with the company 30 years and manager at Toledo for seven.

FLOYD H. SHORT, 69, retired manager at Boston for John Hancock, died in a hospital at Natick, Mass.

Post Tells How Pru Men Spotted Hoffman Scandal

The Oct. 23 *Saturday Evening Post* in an article on former Governor Hoffman of New Jersey tells of the part played by two Prudential executives in exposing long-concealed embezzlements effected by the ex-governor while head of the New Jersey unemployment relief agency.

According to the Post story, Governor Meyner soon after taking office asked two Prudential executives, Charles B. Laing, now vice-president in charge of the planning and development department, and E. Carroll Gerathy, now general manager, administration, in the Chicago regional home office, to see what they could do about speeding up the payment of unemployment benefit checks, some of which had been delayed as much as seven weeks. All that the governor had in mind was that there might be some way that electronic machines could be used to expedite payments. Instead Messrs. Laing and Gerathy found clear evidence of large-scale irregularities that led Governor Meyner to suspend Mr. Hoffman pending further investigation.

Plan DISC at Los Angeles

A & H Managers Club of Los Angeles has authorized a committee to complete arrangements for conducting a disability insurance sales course at the local university early in 1955.

Brunsnighan in New Post

C. F. Brunsnighan, for two years Chicago general agent for Postal Life & Casualty, has joined Pan-Coastal Life of Alabama as vice-president and agency director. At one time he was vice-president of Bankers Life & Casualty.

L. A. Supervisors Hear Leslie

Harold D. Leslie of Northwestern National Life, dean of general agents and managers in Los Angeles, addressed a meeting of Los Angeles supervisors, detailing his recent world tour. He visited insurance offices in many countries and described their operations.

Occidental, Cal., Makes Changes

Occidental Life of California has named Christian Leivestad assistant manager at Seattle. He is succeeded as assistant brokerage manager there by Carl H. Pearson, formerly an agent for State Mutual Life. Before going with Occidental, Mr. Leivestad was

with New York Life as supervisor.

The company has promoted Alvin Loop to assistant regional group manager at Cincinnati. He joined the company in 1953 and has been in a group post at Detroit.

Anthony J. VanderHeide is the new brokerage manager at Grand Rapids, Mich.

Provident Mutual Appoints Gillis Manager at Newark

Philip H. Gillis, supervisor for Provident Mutual at Newark since 1951, has been appointed manager there, succeeding his father, the late Alexander F. Gillis, who has been Newark general agent since 1930. Philip Gillis joined the company in 1937. He is a past president of Northern New Jersey Life Underwriters Assn.



Philip H. Gillis

Mary Barber to Retire

Mary Barber, assistant vice-president of Penn Mutual, will retire Nov. 15. She began in the business with Equitable Society as assistant to the vice-president and in 1928 joined Penn Mutual as supervisor of sales promotion. She subsequently was named manager of sales planning and assistant to the president and in 1947 became assistant vice-president.

Miss Barber is a past chairman of the Keystone group of Life Advertisers Assn. and of the women's committee of National Assn. of Insurance Commissioners. She is noted for her writing ability and editorial judgment.

Portland Claim Men Form

A&H claim representatives in the Portland, Ore., area are organizing their own association to be known as the Oregon A&H Claims Assn.

J. H. Switzer, Business Men's Assurance, was elected chairman and two committees were named, one to draw up a constitution and the other to nominate a slate of officers.

Shoemaker Supervisor at Phila.

George G. Shoemaker, Jr., agency assistant in the home office of Connecticut Mutual since 1952, has been appointed supervisor of the Maffett agency at Philadelphia. He joined the company in 1947 at Pittsburgh.

ALCOHOL— How Much Is Too Much for Applicant?

By DR. HARRY DINGMAN

It is customary to put emphasis on how much a person drinks. More important—why does a man drink? Answer that question and appraisal of the risk is relatively simple. Reasons are three: conviviality; forgetfulness; and weak- or warp-mindedness. The social drinker is not a serious problem. He has the hazards of suspension of judgment, and little else. The individual who drinks in order that he may forget his troubles has hazard of suspension of judgment, only more so. He is reckless. He sometimes goes looking for trouble, and finds it. If his basic difficulty is discoverable and removable, unhappy conditions at home or work, for instance, the outlook is favorable. But prognosis is always dark with individuals too weakminded to stop or those who have an uncontrolled impulse to imbibe. The weakminded drink daily to excess. The pathologic minded include the spree drinker who can resist his debauches no more successfully than an epileptic can stave off his seizures: dipsomaniacs they are called.

"If on my theme I rightly think, There are five reasons why I drink— Good wine, a friend, because I'm dry,

Or lest I should be by and by, Or any other reason why."

Liquor has proper uses. Alcohol has grave abuses. Insurance discussion of the problem should be no less controversial than Father John Sirmond's famous quatrain of three centuries ago. We have no prejudice. We do not asperse individual habits, but we do appraise them. We are insuring half the population of America and that requires consideration of habits as well as finances and physical condition. Alcohol affects all three.

Chief uses of alcohol are nutritional, medical and social. Nutritionally, a pint of 10% wine like claret approximates 125 calories, and a four ounce glass of port or sherry has about the same. A jigger of whiskey also averages 125 calories. However, if drinking makes you eat more—and it does—the extra food gives extra calories.

Alcoholic drinking has been done since the beginning of time and undoubtedly will continue until the closing thereof. The human race has not been ruined. It has made a continuous improvement. We must keep a proper perspective in discussing this controversial subject. Social use of liquor is intelligent when taken with appreciation of its effect within the body, more particularly on the brain. A drink or two has unquestioned value in breaking tension and forgetting worry. It has unquestioned value in releasing inhibitions (if not too many) so a person may display a friendliness and conviviality that ordinarily he would be too self-conscious to express. He talks easily. He laughs readily. And then he hies him to bed where he relaxes completely and he sleeps soundly. A joyous evening and peaceful night are bounties well worth crediting.

This is an excerpt from the 1954 edition of "Risk Appraisal" by Dr. Harry Dingman, vice-president of Continental Assurance. Acknowledged as an authoritative work throughout the insurance world, more than 800 life and A&H companies use the book as a basic text. It has received enthusiastic praise from many million dollar producers. The new edition, to be available early in November, can be obtained through the National Underwriter Co., 420 East Fourth street, Cincinnati, or any of its branch offices. The price is \$12.50.

John Hancock Realigns New York City Group Unit

Thomas F. Sullivan, group manager at New York for John Hancock since 1944, has been appointed associate manager in order to free him for more active work in the field. James W. Moriarty, group manager at Washington, D. C. since 1949, has been named manager at New York.

Mr. Sullivan, who joined the company in 1927, was transferred from Boston to the New York group office in 1935. Mr. Moriarty went with John Hancock in 1946.

The staff of the New York group office also includes Joseph W. Pearson, eastern group annuity specialist, and Everett D. Thompson, regional manager for east coast claims offices.

Quinby Agency Wins Cup

The Anthony cup was presented by President Julian D. Anthony of Columbian National Life to Thayer Quinby, whose Boston General agency won the annual cup contest with 238% of its quota. Presentation took place in the home office.

A Complete Line of Coverage

Life Insurance Accident & Health
Hospitalization Medical-Surgical

Excellent Opportunities for Capable Salesmen

Bankers Life & Casualty Company

John D. MacArthur, President

Chicago 30, Illinois



PAN-AMERICAN'S CAREER CONTRACT

which stresses the company's philosophy of helping the best men make more money. To do this job, we furnish ample training, top-notch sales aids and individualized policies to meet individual needs.

CRAWFORD H. ELLIS
President

EDWARD G. SIMMONS
Executive Vice-President

KENNETH D. HAMER
Vice-President & Agency Director

For Information Address
CHARLES J. MESMAN
Superintendent of Agencies



NEW ORLEANS, U. S. A.

Bright Sales Period Ahead for Insurance: Fitzgerald

MILWAUKEE—"With new records and new sales peaks, we are optimistic about the future," President Edmund Fitzgerald said in his quarterly report to Northwestern Mutual Life trustees.

Sales for the first nine months of 1954 set a new alltime nine-month record of over \$397 million, he said, an increase of 3.1% over the previous record set last year. "And on the basis of the country's generally good economic situation and the new tax law we can't help but envision a continuation of the present sales level. The new tax law President Eisenhower signed in August will allow life insurance policyholders to use their present policies to greater advantage. It also makes it desirable for people to review their life insurance programs, which nearly always brings about the purchase of more insurance. With such a picture before us we feel fully justified in being optimistic."

Mr. Fitzgerald listed total assets as of Sept. 30 at \$3,181,040,706, a gain of nearly \$160 million over last year's figure.

Knowlton Stresses Problem of FTC Jurisdiction

(CONTINUED FROM PAGE 3)

is going into misleading advertising, fraudulent use of the mails, tie-in sales of life and A & H. This is an investigation on which there is no limitation, he remarked, saying he suspects it will investigate all facets of the business about which it receives complaints. The more publicity given to such an investigation, the more complaints, founded or otherwise, will be received.

The insurance business need have no fear of non-partisan, impartial investigations, Mr. Knowlton declared. It is the obligation of the business to supply technical knowledge of the problems under consideration and contribute to the understanding of the investigators of the technicalities of the business.

As a solution, Mr. Knowlton said NAIC has a definite part to play. It has to concentrate on improvement of state regulations. More and more problems are common to all states and are becoming national in their aspect. The power of NAIC to act for the common good should not be minimized. "It may not be a legal power, but it is an ac-

tual power," he said. The adoption by NAIC of model legislation and regulations has its influence on the legislators in each state, and this is to the good, but Mr. Knowlton said the commissioners have the right and even the obligation to go farther in the realm of moral persuasion.

"If an individual commissioner has some unusual situation in which other commissioners can be helpful, he should not hesitate to ask for such help, and we should not hesitate to give it," he declared. "We should seek means of improving the quality of supervision by helping each other."

The insurers can play a part by taking a more affirmative attitude on the question of state regulation. Companies in the past have largely directed their efforts to opposing legislation which they feel would be harmful or proposing legislation to give them some advantage. More than this is needed, Mr. Knowlton said. Any contribution to getting the commissioner an adequate budget, qualified personnel and the authority he needs tends to improve state regulation.

Guardian Names Cantelon Agency Director on Coast

Gordon F. Cantelon, director of agencies of National Life of Vermont since 1953, has joined Guardian Life as agency director for the Pacific Coast. He began in the business in 1940 as group supervisor at Chicago for Great-West Life and in 1946 was named manager at St. Louis.

Mr. Cantelon will take up his duties at San Francisco next January after indoctrination in the home office. His father, H. L. Cantelon, formerly was manager at Indianapolis for Sun Life of Canada.

Ohio State Life Opens Second Cleveland Agency

Ohio State Life has opened its second general agency in Cleveland at 1526 Ardoyne avenue on the west side. Michael T. Dennis is general agent. He has operated a large general insurance agency there and has been in life and property insurance for more than 15 years.

● George J. Laikin, tax attorney and counsel for Milwaukee and Wisconsin Life Underwriters Assns., will conduct a tax seminar in Milwaukee Nov. 13.

THE COUNTRY'S MOST FRIENDLY COMPANY OFFERS . . .

- Modern and attractive agent's and general agent's contracts to those looking for a permanent connection.
- Complete line of Life Insurance policy contracts from birth to age 65 with full death benefit from age 0 on juvenile policy contracts.
- Complete line of Accident and Health policy contracts with lifetime benefits.
- Individual Family Hospitalization contracts with surgical, medical and nurse benefits.
- Complete substandard facilities.
- Educational program for fieldman.

Strong, Progressive Company
Older than 85% of all legal reserve life insurance companies

COMPANY'S EXPANSION PROGRAM OFFERS
Openings in California, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, New Jersey, North Dakota, Ohio and Wisconsin

NORTH AMERICAN LIFE INSURANCE COMPANY OF CHICAGO

C. G. ASHBROOK, EXECUTIVE VICE PRESIDENT
NORTH AMERICAN BUILDING, CHICAGO 3, ILLINOIS

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The 420 E. En □ \$1 NAM HOM CITY COM POST

Insurer Wrath Indicates FTC Will Be Challenged

(CONTINUED FROM PAGE 1)

ciation of Utica, N. Y., which announced that it would challenge the FTC's jurisdiction in the courts. This company, which operates exclusively on a mail-order basis, is the only one of the 17 complained against that is domiciled in New York state. Said the Utica company's statement in answer to a request from THE NATIONAL UNDERWRITER:

"If this latest publicity release by the Federal Trade Commission without first giving the criticized companies even the slightest intimation that they were to be publicly attacked is the kind of callous treatment that may be expected from federal bureaucracy, it is high time that all elements of the insurance industry and of the insuring public and all state insurance departments interested in fairness and good faith should unite to challenge this usurpation of authority and jurisdiction by the Federal Trade Commission and to retain and preserve in the state insurance departments the regulatory and supervisory powers which in the field of insurance they have for many years been exercising to general satisfaction and for the protection of the citizens of this nation.

"As soon as the Federal Trade Commission first assumed jurisdiction over any segment of the insurance industry, we, in 1950, submitted samples of advertising and policy forms to the commission staff for inspection and then adopted and continued every suggestion that they made. From that day until the recent news release this association has never received the slightest intimation from that commission, nor any other federal or state supervisory body, nor in fact from a single private citizen, that its advertising was subject to even the least criticism or misinterpretation.

"Thus, to lull us into a false sense of security—assuming that there is anything wrong with our advertising—and then to make a public attack upon us without the slightest warning is conduct which no fair-minded man would approve. Especially is this true in view of the fact that on April 25, 1954, we were informed by a commission attorney in charge of the investigation that the Federal Trade Commission had never at any time received a single criticism from any source against the Commercial Travelers Mutual Accident Association, and as late as Aug. 24, 1954, we had a letter from the commission thanking us for our cooperation.

"If that is a typical example of the treatment afforded under federal reg-

ulation and supervision we shall certainly endeavor to secure from our courts at the earliest date possible a determination that this association is being adequately regulated by the insurance department of the state of New York and is not subject to the jurisdiction of the Federal Trade Commission.

"In the meantime, the Commercial Travelers Mutual Accident Association of Utica, which for the past three-quarters of a century has been honestly and efficiently providing to the eligible insuring public a maximum of insurance protection at a minimum of cost will continue in the future as it has in the past to endeavor to deserve the good will of its members and of the insuring public for the fair and liberal treatment which we continue to afford them."

Possible courses in meeting the FTC complaints include—

1. Agree to cease and desist from the practices complained against. For most of the insurers involved this would be a simple course, since they have already ceased and desisted. But the FTC might insist on an agreement in which the insurer would have to acknowledge the FTC's jurisdiction and at least some of the insurers would object to this.

2. Resist on the merits of the case, contending that the advertising complained of was not in fact misleading.

3. Resist on jurisdictional grounds, probably attempting to get a court injunction if there were time before the hearing date scheduled.

The FTC has not disclosed its grounds for believing it has jurisdiction over the activities covered in the complaints against the 17 companies. It appears, however, that it considers that if an insurer is operating in any state in which insurance is not adequately regulated by state law, then the FTC feels entitled to step in, even though every other state in which the insurer operates has its regulation unquestionably up to snuff.

It is regarded as significant that each complaint says that the respondent is engaged in the business of insurance in commerce by entering into insurance contracts with insured located in various states other than the companies home state, "in which state the business of insurance is not regulated by state law to the extent of regulating the practices of respondent alleged in this complaint to be illegal."

Commissioner Knowlton of New Hampshire issued the following statement:

"As president of the National Assn. of Insurance Commissioners I was naturally very much interested in

learning that the Federal Trade Commission had commenced proceedings against certain companies writing accident and health insurance. The primary concern of the FTC appears to be false and misleading advertising, which is one of the matters under active study

by our association. It is to be noted that these proceedings cast no reflection on the practices of the companies in the settlement of claims under their contracts nor on their financial ability to meet their obligations.

"In recent years the NAIC has de-



Bill Nalac's CORNER

"Wes' Fesler—former Minnesota football coach—3-time All American—recently played the part of god-father in a re-christening ceremony that saw the name of our junior estate builder changed to 'Junior All American'. 'Wes' claims it's the greatest thing in children's insurance he has ever seen.

"I'm only sorry it wasn't available when I was a youngster," he says.

"To us who have been selling this wonderful plan since 1947, that really wasn't anything new. But it's always nice to hear it from a man with such outstanding good judgment as Fesler.

"Makes us realize how lucky we are to have such great sales tools available to us as Nalac puts into our sales portfolio."

HOME OFFICE:

MINNEAPOLIS, MINNESOTA

H. P. SKOGLUND J. E. SCHOLEFIELD, C.L.U.
President ★ Vice President—Director
of Agencies



LIFE • ACCIDENT • SICKNESS • HOSPITAL • GROUP

THE OHIO NATIONAL LIFE INSURANCE COMPANY CINCINNATI

V. E. TEMPLETON, GENERAL AGENT
811 WEST HIGH STREET
LIMA, OHIO

Dear Al:

Answering your question as to the one thing I like best about The Ohio National, I can truthfully say that during the time I have seen the Company grow from infancy to its present strong position in the life insurance world, I have been impressed by the fact that Company officials and home office personnel have never become "too big" to understand the local agent's problems.

The Company has been progressive in adopting new policies that appeal to the public and are saleable from the agent's standpoint and the underwriting attitudes have always been more than fair. My thirty-eight years of pleasant and successful association with the Company is ample proof of my liking for The Ohio National.

Sincerely,

Vera

New Subscription Order Form

The NATIONAL UNDERWRITER Life Insurance Edition

420 E. Fourth Street, Cincinnati 2, Ohio

Enter my personal subscription to start with the next issue:

☐ \$18.00 enclosed for three full years. ☐ \$7 enclosed for one year.

NAME _____

HOME ADDRESS _____

CITY _____ ZONE _____ STATE _____

COMPANY _____

POSITION _____

(Above rates good only in United States)

voted much of its attention to the A & H business. Individual commissioners likewise have been very much occupied with regulatory problems relating to this phase of the business. The work of our association has resulted in a series of uniform laws relating to A & H insurance all designed to give the policyholder added protection. These laws have been enacted in many states.

"During the last year the A & H committee of the association, headed by Wade O. Martin, Jr., secretary of state and insurance commissioner of Louisiana, has been very active. This committee in recent months has undertaken a thorough study of all phases of the A & H business, including particularly policyholder complaints. Such

complaints have increased in recent years, but at the same time there has been a huge increase in the amount of A & H insurance written. The regulatory problems have increased with the increase in business.

"At last June's meeting of our association in Detroit the A & H committee made several recommendations for legislation to remedy the causes of these complaints. These recommendations were adopted by our association. Earlier this month the A & H committee held a special meeting in Chicago and made further recommendations designed to aid in correcting such problems as may now exist in the A&H field.

"The FTC says that its action in

filing the complaints does not represent activity in an area properly subject to exclusive jurisdiction of state governments. However, the basic insurance regulatory authority and responsibility rests with the several states, which are aware of that responsibility and are making marked progress in regulating this rapidly growing business. The steps which our association has already taken and additional steps now under consideration are designed to correct not only misleading advertising problems but such other problems as may exist. Our association is receiving full cooperation from the industry, which has voluntarily taken many corrective steps during the last few months and I am confident that we are making real progress in our efforts to give maximum protection to the insuring public."

Though none of its companies are among the 17 against which FTC filed complaints, Bureau of A&H Underwriters is reviewing the indictments to see if there is anything about them that might create an industry problem.

Also queried by THE NATIONAL UNDERWRITER, the New York department had no comment on the FTC action. However, the department is understood to be studying the implications of the FTC's move, with particular regard to the supervisory job New York has done on Commercial Travelers of Utica, the only New York domiciled company on the list of 17, and on Mutual Benefit H&A, the only other company on the list licensed to operate in New York.

E. H. Barry, executive vice-president of Reserve Life of Dallas, in a statement concerning the FTC action said: "For many years we have carried on our advertising program in the highest, most honorable manner. It has always been our aim to advise the public and our policyholders as fully as possible. We don't think the federal trade commission has any jurisdiction or any grounds for criticism. However, we welcome any suggestions anyone can offer us that will help us better serve the public interest."

Mr. Barry's statement was sent out to newspapers and trade magazines, and the announcement of his comments leads off with an aside about the manner of the FTC announcement, saying: "A communication in reference to the company's advertising program has finally been received from the federal trade commission."

Mr. Barry pointed out the FTC action is directed only toward advertising copy and is in no way related to policy contracts or to the manner in which benefits have been handled. It does not pertain to the financial standing of Reserve Life. "We believe that Reserve Life's advertising is written so that those who read it will understand the types of insurance policies the company offers," he said. "We do not sell insurance by advertising or through the mail. Our policies are only sold by licensed, local agents who reside in the 38 states and the District of Columbia where the company is licensed to do business."

Brad Hunt, president of American Life & Accident of St. Louis, said about the FTC charges:

"The American Life & Accident has been conforming to trade practice rules promulgated in 1950 by the federal trade commission. It is difficult for me to understand the FTC's action of Oct. 19 in filing the complaints against the insurance companies charging false and misleading advertising."

He mentioned the code of Assn. of Insurance Advertisers which was ac-

Mutual Benefit's 'Squabs' to Hold Meeting Nov. 3-5

President H. Bruce Palmer will address a record number of 53 first year agents, members of Mutual Benefit's Squab club, at their annual meeting Nov. 3-5 at New York City and Newark. He will apprise them of their importance to the company and discuss their future in life insurance. Vice-president Richard E. Pille will talk to the new agents at a wind-up luncheon at Newark.

Other speakers will be H. Douglas Palmer, director of agency administration; H. Preston Smith, assistant director of field personnel; Gordon Hull, director of sales services; C. Carney Smith, general agent at Washington, D.C., and president of the company's General Agents Assn., and Harold M. Covert, Jr., Philadelphia.

Wilbur E. Hintz, director of field supervision, will conduct a round table on prospecting. Charles G. Heitzberg, 2nd vice-president and director of agencies, will be toastmaster at a banquet Nov. 4, and Francis L. Merritt, director of training, will moderate a round table on "Tomorrow's Markets."

Plaques will be presented to these club leaders: G. Elliott Hagan, Atlanta, earnings; Donald E. Stull, Cincinnati, volume, and Garrett J. Seaton, Omaha, lives.

cepted by the FTC and said that since that code was put into effect all advertising has been submitted to the FTC for approval and no material used by American L. & A. has been criticized by that organization.

Mr. Hunt said: "The political angles of the FTC action are so glaring they can't be ignored... The action is also another step in the well-designed plans of the federalists to move into the field of supervision of the insurance business and the eventual elimination of the present state supervised system except for strictly intra-state business—the same division of supervision that now applies to the railroad business."

Another repercussion of the FTC charges is the newspaper publicity in Chicago involving the Illinois department and Prudence Mutual Casualty and Prudence Life. George F. Barrett, former Illinois attorney general and now practicing for the Chicago law firm of Barrett, Barrett, Costello & Barrett, took the spotlight in the Chicago Sun Times, which said that he is the attorney for Guarantee Reserve Life of Hammond and for the Prudence companies. Mr. Barrett's late brother, Robert, was the Illinois director until his death earlier this year. The Chicago papers attacked the appointment of Robert Barrett and were not enthusiastic over the appointment of the incumbent director, Justin McCarthy. They seized upon the connection of George Barrett with Guarantee Reserve and Prudence, two companies cited by FTC, with a good deal of gusto.

The FTC action has provided some new ammunition for auditor general John B. Martin of Michigan, who is blasting at the insurance department on the matter of unlicensed insurers. Some of the companies mentioned in the FTC citations are operating in Michigan, and Mr. Martin noted that Automobile Owners Safety Ins. Co. of Kansas City is one he had particularly been after. This company collected more than \$81,000 in premiums from Michigan policyholders last year. It is, incidentally, a company that has been under fire from the California, Ohio and Minnesota departments as well.

• New England Mutual has purchased the building at the corner of Laura and Adams streets in Jacksonville for \$300,000 and has leased it back to the previous owner.

One of America's Leading Fraternal Life Insurance Societies



The Aid Association furnishes up-to-date sales kits, numerous promotional items, and modern plans of insurance to assist its field men in their selling efforts. New representatives attend Home Office indoctrination schools, and are further trained by their general agents, and through Home Office correspondence courses.

Aid Association for Lutherans

Legal Reserve Fraternal Life Insurance
Home Office: Appleton, Wisconsin

ANICO representatives are
Anico's best advertisements

BRUCE M. COX, Mgr., Portland, Oregon Agency
After two short years of part time work with ANICO, Bruce M. Cox was made District Manager in the Portland, Oregon Agency in 1949. Because he did such an outstanding job in this position, he was the natural choice to succeed as manager when Mr. Gifford Hudson was transferred to San Francisco. Since becoming Manager of the Portland, Oregon Agency, Mr. Cox has maintained the high standards of the agency and continued with outstanding quality production for the company.



You can grow with ANICO

- ★ A working contract that permits outstanding earnings.
- ★ Policies that stand out in value against any competition.
- ★ A management philosophy that is based on the axiom that a company succeeds only when its agency force succeeds.
- ★ The most modern and effective selling aid program that can be devised.

Over 2½ billions
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in force

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HAVE YOUR MONEY ON YOUR VESTED RENEWALS NOW

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- protect your credit
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Actuaries' Tax Panel Produces Sales Ideas

(CONTINUED FROM PAGE 2)

tal deduction can be and is taken, are important only where the estate is valued at \$250,000 or more. Gift tax is not likely to become involved unless gifts are considerably in excess of \$6,000 a year. The income-tax bite out of death claims payable in installments to a widow usually doesn't make itself felt unless the principal sum involved exceeds \$80,000, though this figure would be less on outstanding policies with liberal settlement options.

GROUP A&H

Ralph J. Walker, vice-president of Pacific Mutual Life, said the part of the new code dealing with group A&H "will be more noted for what it doesn't say than for what it actually says" and rulings are needed on many items. Some of the questions and problems he listed as follows:

1. Are fixed benefits payable regardless of medical expenses incurred, but generally intended to compensate for expenses, considered to be in reimbursement for medical expenses? (This refers to such benefits as additional weekly indemnity during hospital confinement, hospital benefits of a fixed amount per day regardless of charges, and surgical benefits of scheduled amounts regardless of charges.)

2. Are employer contributions for dependent medical expense coverage taxable to the employee? There is no question about the non-taxability of dependent medical expense benefits when received, but only by inference can it be said the employer contributions are non-taxable.

The contributions exemption provision refers to "contributions by the employer to accident or health plans for compensation to his employees for personal injuries or sickness." The benefit tax provision refers to "amounts received by an employee through accident or health insurance for personal injuries or sickness." The benefit exemption provision refers to amounts paid "to the taxpayer to reimburse the taxpayer for expenses incurred by him for medical care of the taxpayer, his spouse, and his dependents." A equals B; B equals C; therefore A equals C. "Or does it?" Mr. Walker remarked. "Let us hope that the Treasury people will stick to the strict rules of algebra."

3. What is a "plan"? The original House bill would have had all plans, insured and non-insured, subject to approval of the internal revenue service. The Senate version did not contain an approval procedure, and the Senate committee commented particularly on the elimination of the concept of "qualified plans". The conference report says that a plan includes a plan of an employer or of an employee association, "or any other plan which pays accident or health benefits to employees". "Not very enlightening," was Mr. Walker's comment.

4. Will insurance companies have to withhold federal income tax on non-exempt loss-of-time benefits? The proposed ruling (Rev. Rul. 54-440) is interpreted by the internal revenue service to require insurance companies to withhold income tax and file form W-2 with respect to loss-of-time benefits which are not excluded from the gross income of the employee. There is great concern in the industry over such a requirement. Aside from the principle involved, which is objectionable as it

applies both to amounts in excess of \$100 weekly and to first-week benefits, the problems of mechanics are discouraging. What if the employee is later hospitalized, with or without knowledge of the insurer, or during a subsequent tax year? What if the employee receives salary payments not known to the insurer, or has other loss-of-time benefits paid for by the employer?

5. How will employee contributions be applied? If the employee pays a part of the cost of loss-of-time benefits, may his contributions be considered as applying first to the premium for those benefits which would otherwise be taxable? It would seem to be reasonable to permit this. Then, what rules will be established for valuing those benefits?

Discussing the general philosophy behind taxation and non-taxation of employee benefits, Mr. Walker said: "One can expect that, unless the law is changed, group insurance plans will be changed so as to provide no taxable benefits during the first week of disability. Now that specific provisions are included in the code with respect to non-taxability of benefits and employer contributions, one can also expect a somewhat greater drive for non-contributory health and welfare plans, if that is possible."

PENSION PLANS

Discussing the effect of the new code on pension plans, Ray M. Peterson, vice-president and associate actuary of Equitable Society, said the change allowing capital gains tax treatment for single-sum payments under non-trusted plans has served to focus attention on lump sum options at retirement and the tax advantage of the capital gains treatment. He said that if an attempt is made to introduce lump sum options at retirement into an existing plan which has been computed on the assumption there will be no mortality selection at retirement "serious problems are encountered."

If the employer wants to make no change in benefits except to introduce the lump sum option at retirement, this could be done by requiring five years' notice of election by the employee, the same as for the optional annuity forms, Mr. Peterson suggested. If the employee left employment or retired for disability before the end of the five years, the lump sum could not be allowed him then without incurring substantial unanticipated costs. If the lump sum settlement were made at the originally contemplated retirement date (with annuity payments perhaps, being made to that date) the employee would have to pay regular income tax on the benefit unless paid within the taxable year in which employment terminated.

If the employee continued in service beyond the originally contemplated retirement date, the lump sum benefit would probably have to be allowed at death during active service as well as upon retirement, since the employee had acquired the right at the original date.

"This feature could result in additional unanticipated costs," Mr. Peterson said. "Even with a five years' notice of selection, adverse selection could be encountered. The employee, having made the election, effective at a designated retirement date such as

65, finds at 64 that he does not want the lump sum but prefers the annuity. He need only elect to retire one day before the original date. This assumes that he would not be forced to take the lump sum at the originally designated date where he leaves employment before such date (or before the taxable year in which such date falls)."

The amount of lump sum to be allowed must be determined with great care, Mr. Peterson warned. The full reserve is too much if there is any margin at all in the actuarial assumption used over probable actual interest and mortality experience. A value computed on such "probable experience" assumptions may be out of line with the going price of purchasing an annuity of the kind being given up. Will this create dissatisfaction? Will the five-year notice period become increasingly unpopular with employees and result in pressure for further and further relaxation, with consequent increases in cost?

If the reason for introducing the lump sum option is solely or mainly to provide the advantage of capital gains tax over the normal income tax payable on a life annuity, it should be realized that this tax advantage, under present law, affords a substantial financial gain only to higher paid persons, Mr. Peterson pointed out. With such an option available, however, many lower paid employees will elect it because a big cash sum in hand is alluring and they have no appreciation of the value of a life income.

Mr. Peterson cautioned that such an option could result in a very serious dissipation of funds intended for pensions and employer may find he still has a pension problem in many cases.

"This could be too much of a price to pay for a tax advantage enjoyed only by the higher paid," Mr. Peterson observed. It is probable, he said, that the only really satisfactory way of providing this feature would be to provide a cash settlement at death equal to the lump sum amount desired for the whole range of permissible retirement ages. This could increase costs as much as 15%.

Mr. Peterson pointed out another undesirable aspect of the capital gains feature: The recipient of the lump sum gets the tax break only if he takes all the remaining values he is entitled to under the plan in a single sum. The law forces him to dissipate his retirement income. The United Kingdom makes lump sum settlements under approved schemes tax-free but the employee can take no more than a third of the value of the plan and must take at least two-thirds as a retirement income, which, he feels, "makes more sense than our curious provision."

James A. Hamilton of the Wyatt consulting actuarial firm of Washington, D. C., said the new life-expectancy system of income tax for annuities presents some problems that may ultimately make it necessary for the internal revenue service to designate a standard set of single premiums for annuities for tax purposes. For example, suppose that future improvement in mortality, or lowering of interest rates, or increase in expense rates should bring about an increase in the single premium rate for a \$1,000 annual life annuity to a male age 65 to a substantially higher figure than at present. In that event, the application of the life expectancy factors promulgated by the internal revenue service in the *Federal Register* of Aug. 27, 1954, would result in the expected re-

turn being equal to less than the cost.

This would mean that the taxable income element in the life annuity would disappear and a revised set of factors (which could hardly be termed life expectancy factors if the increase resulted from lower interest rates or increased expense rates) would be required. On the other hand, if the current mortality bases and expense rates should be representative of future expense but interest rates should increase substantially, then the investment in future annuity contracts would be decreased. In that event the ratios of investment to expected payments would fall, with consequent increases in the taxable portion of the annuity.

The life expectancy rule has been described as an actuarial method and hence may call for calculations of the taxable element in annuities to be made by life companies and perhaps by trustees of pension funds or consulting actuaries, said Mr. Hamilton.

"On the other hand," he continued, "the regulations to be promulgated by the internal revenue service will undoubtedly permit a great many annuitants to personally determine their amounts of taxable annuity income. There is of course no requirement in the law that insurance companies, trustees, or others perform these calculations and human nature being what it is it may be that some annuitants would much prefer to have the entire matter overlooked."

A spirited question and answer period followed the panel discussion. With respect to individual life insurance, R. C. Guest, Massachusetts Mutual; G. H. Amerman, Continental American, and J. H. Miller, Monarch Life, stressed the need for an acceptable basis of mortality and interest for determining estate tax status instead of the former "incidents of ownership" test.

There was some discussion of the extent to which companies will be expected to furnish calculations and assistance to their annuitants in applying the "life-expectancy" rule for the taxation of annuities. Although the code does not impose any legal obligation, W. J. November of Equitable Society wondered whether Congress or the Treasury department had indicated any particular pattern during the hearings. The consensus was that a company must expect to furnish figures on request. W. M. Anderson, North American Life, Toronto, indicated that there were pitfalls in going too far or not far enough in providing the service. In Canada, he said, it was finally resolved by the establishment of a committee of five actuaries, serving as a public service group, for making such computations without cost to the individual.

In the employee benefit field, the exemption from gross taxable income of payments made up to \$100 weekly for absences due to illness leaves great uncertainty as to what must be reported as income and what must be withheld for personal income taxes, it was brought out.

E. L. Bartleson, Prudential, wondered what problems might develop in the case of installment settlements of policy proceeds when installments run for fixed periods as compared with settlements under which fixed amounts are payable as long as the proceeds last. The problem here is that the new code provides for a \$1,000 exemption for widows in the case of installment settlements, but does not carry the same treatment on the interest-only settlement provision.

Major Medical Best for Public, Actuaries Think

(CONTINUED FROM PAGE 1)

on major medical as to be pretty inconclusive. Indications were that Equitable Society's current claims would average around \$500 each while New York Life's might be about \$1,000. The consensus was that the 1954 federal income tax amendments giving the taxpayer a better break as respects medical expenses would have no appreciable effect on the sale of major medical.

There was considerable interest in the development of the type of guaranteed renewable policy that permits the company to change the rate—though not in a way that could hit any one policyholder more than others similarly situated. This would enable the insurer to provide a rate based on current conditions without finding itself in an impossible situation through increases in the level of hospital charges and medical fees.

One hazard with a long-term guaranteed level rate is that in a community served by only one or two hospitals a room-and-board rate increase can be put into effect almost overnight.

Morris Pike, John Hancock, emphasized that actuaries should work with agency departments and advertising managers to present new A&H and hospitalization plans to the field force and the public in an attractive way. He pointed out that no matter how excellent a plan may be, it will not get itself sold but needs the cooperation of the agency force and a degree of receptiveness among the potential buyers.

John Miller of Monarch Life of Massachusetts mentioned the need for a name for the guaranteed-renewable type of contract that is subject to rate changes, since the concept of guaranteed renewability and non-cancellability is associated in the public mind with fixed-premium insurance.

John M. Bragg of Great-West Life discussed coverage of pensioners: older age dependents; group coverage through chambers of commerce; and group coverage of farmers through co-operatives.

Under the chamber of commerce plan in Canada, the master policy is issued to the local chamber and covers organizations which are chamber members, even where only a single life is involved. The average is five to six lives. Experience has been satisfactory.

In somewhat similar fashion a rural electrical cooperative covers its member farmers, billing them for their insurance along with their electric current. The cooperative had not gone to the length of cutting off current of those who didn't pay their premiums, Mr. Bragg said jokingly. Nevertheless, it has proved an effective way of collecting premiums.

George Davis, Life Insurance Assn. of America, observed that A&H differs from other insurance in that claims are to quite an extent controlled by the patient, while medical costs are not determined by normal business competition but by the traditional system of varying the charge according to ability to pay. He said it is necessary for insurance people to work with doctors and hospital administrators and the Health Insurance Council, which was set up for this purpose, is already showing good results.

This is effected not through trying to tell the doctors and the hospital administrators how they should conduct

their affairs but by giving them the opportunity to become acquainted with how insurance works, what risks are insurable, etc., and by being available to answer questions concerning insurance. Mr. Davis mentioned the part that members of the Society of Actuaries had played in this work.

Thomas H. Kirkpatrick of Paul Revere said the administration of A&H business, not the policy form, is what determines whether there will be trouble with A&H business; and that A&H is not a science but an art and hence there are no easy answers to some of the questions it poses.

Mr. Kirkpatrick emphasized that the big group that is not now insured is that segment of the population that lacks the ability to pay for insurance and this raises some big problems for the companies and for the country.

Cal. High Court Denies United's Appeal on Maloney Ad Charges

California Supreme Court has denied United of Chicago its appeal from a decision by the state district court of appeals in the case involving charges against the company by Commissioner Maloney. The company had taken to the court the decision of the appellate court which reversed a superior court decision. United is seeking to restrain Commissioner Maloney from proceeding with his action against the company on charges of misrepresentation. United has filed a writ of certiorari with the U. S. Supreme Court.

Mr. Maloney had cited the company for a hearing on charges of misrepresentation in advertising matter. United took the matter to superior court and was granted an injunction restraining Maloney from further proceedings. Mr. Maloney took an appeal on this and the appellate court upheld him. Then United took the case to the California Supreme court which has just handed down a denial of hearing.

Equitable Society Divides St. Louis, Names Managers There and at Peoria, Ill.

Harley J. Simpson, district manager at Dayton since 1948, and Donald L. Bryant, assistant agency manager at Peoria since earlier this year, have been appointed managers of Equitable Society's newly-divided St. Louis territory, succeeding Arthur W. Green, who is retiring for reasons of health. Mr. Green, manager at St. Louis since 1944, will continue in personal production.

Frank McMillin, cashier at Providence since 1940, has been named manager there, replacing Lawrence H. Sprouse, who takes up similar duties at Bridgeport.

Mr. Green was with Continental Casualty before joining Equitable Society in 1916. He was named district manager at St. Louis in 1921. Mr. Simpson went with the company in 1945 at Dayton, O., and Mr. Bryant in 1946 at Carbondale, Ill.

N. E. Mutual Introduces Low-cost Term Rider

"An 'extra protection rider' that can be attached to certain base policies has been introduced by New England Mutual as a low-cost supplement to existing insurance. The level 10-year term rider is convertible and non-renewable, has a minimum face amount of \$2,500, provides for the addition of waiver of premium and accident benefit, and is written non-medically.

The rider is available to men and women ages 20-55 in three amounts

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

ury may either come up with its own plan or adopt one of several proposed by the industry. The only one of the latter so far made public is that of American Life Convention, announced at the convention's meeting at Chicago in July. The ratio of free investment income to total investment income of life companies has been rising to the point where assumption in the 1951 stop-gap law that it would continue at the 1950 level of 12½% of investment income now is out of line. Based on the 1953 income the ratio would be about 18% and the Treasury says the tax rate should now be about 9½% instead of the present 6½%.

New York Revokes Dorfman License

NEW YORK—The New York department has revoked the non-resident licenses of Union Insurance Agency of Chicago and its president, Allen Dorfman. The agency is owned jointly by Mr. Dorfman and his mother, whose husband heads the Chicago waste handlers union.

Both of the Messrs. Dorfman were called to testify at the hearing into union welfare fund racketeering in Detroit within the last year but refused to answer most of the questions on the ground that they might tend to be incriminated.

The department took action after a hearing held here at which Allen Dorfman refused to show the examiner his or the agency's books. The hearing was called because the department had criticized certain expense allowances made by Union Casualty & Life to Mr. Dorfman. The examiner recommended that the insurer take immediate steps to recover from Mr. Dorfman the amounts alleged to have been improperly paid to him or else to obtain adequate expense vouchers for the expenses incurred in servicing specific risks.

There followed a special investigation conducted by Deputy Superintendent Newman to determine whether or not expense allowances of about \$26,000 were proper. Mr. Newman stated that in his opinion Mr. Dorfman and his agency had violated section 29 of the New York insurance law by refusing to facilitate the examination and aid the examiners though it was in their power to do so. He also found that the licensees had demonstrated "their untrustworthiness to act as insurance agents" when they failed and refused to produce records requested by department examiners. Mr. Dorfman attempted to surrender his and the agency's New York licenses but the department would not permit this, because it wanted to have the record in case the agency should ever apply for relicensing. This is the third case where an agent's license has been revoked in connection with the handling of union welfare fund business. The Dorfman agency handled union welfare funds of Central States Conference of Teamsters and Michigan Conference of Teamsters.

Aetna Life Names Fee at Kansas City

Richard M. Fee has been appointed general agent for Aetna Life at Kansas City. Formerly with the company at Duluth, Minn., he succeeds Wylie Craig, resigned. Before joining Aetna Mr. Fee was in sales work with the Wyeth Laboratories.

Columbian National Votes 25% Stock Dividend

BOSTON—Columbian National Life's directors have voted to recommend to the stockholders an increase in capital from \$4 million to \$5 million, to be accomplished by declaring a 25% stock dividend, capitalizing \$1 million of the present surplus. A special meeting of the stockholders Nov. 23 will act on the recommendation. Subject to the stockholders approval of the proposed increase in capitalization, and conditions permitting, it was the expressed intention of the directors to continue the present quarterly dividend rate of 50 cents per share. It was also voted to pay a quarterly cash dividend of 50 cents to stock of record Nov. 15. No date has been set for the payment of the stock dividend.

New York Life to Build in Los Angeles

New York Life will start construction within a few months on a three-story building at Los Angeles to house its Los Angeles and South Pacific division offices. The new building will be on West Sixth street overlooking Lafayette Park.

McKenna Acting New Jersey Commissioner

Governor Meyner of New Jersey has appointed Jerome H. McKenna acting commissioner of banking and insurance. Warren N. Gaffney, who has held that post, now is manager of Surety Assn. of America. Appointment of a successor to Mr. Gaffney presumably will come after the election.

Mr. McKenna has been a deputy and head of the building and loan division of the banking and insurance department since 1951.

that are relative to the face amount of the base policy on half, equal to or one and a half. Dividends and non-forfeiture values on the base policy will be the same as if no rider were attached. Conversion of the rider, in whole or in part, may be as of the original date or at attained age, and at any time within the 10-year period.

It may be attached to these base policies: Ordinary life, life paid-up at 85, limited payment life of 20 or more premiums, and endowment or retirement income with 15 or more premiums. The amount at death may be made payable

either in one sum or under any of the settlement options in the base policy.

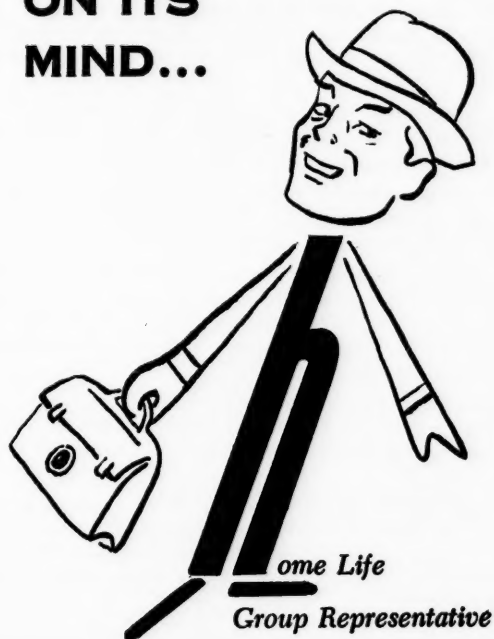
Rates per \$1,000 at typical ages are: Age 25, \$3.74, age 35, \$5.90, age 45, \$11.94.

Monumental Raises Doetzer

Frank J. Doetzer, an agency executive of Monumental Life, has been appointed agency director. Starting as an agent in 1921, he has had experience in all phases of the company's field operations.

Wilburn C. Hale, Jr., formerly manager at Flint, Mich., becomes an agency executive.

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Such unplanned expenditures affect the profit-and-loss statement only indirectly, and aren't always easy to spot. For that reason, when your Group prospect asks "How much?" he's thinking only of the immediate dollar outlay. These hidden costs are there, never-the-less, raising the cost of each unit he produces, services or sells . . . eating deeper into his organization's margin of profit.

In company after company, a recent Home Life survey showed, Group benefits are helping reduce unnecessary losses by cutting employee turn-over and absenteeism . . . by raising individual efficiency and productivity . . . by making it easier to obtain high-caliber employees . . . and by building higher employee morale.

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CHAPTER HEADINGS

In Beginning Thereof Appraisal Personnel Appraisal Phases Measuring Rods Health Insurance Accident Insurance Hereditary, Environ- ment and You Family History	Race History Habitat Occupation Military Aviation Age Sex Build Morals Habits	Impairments Alimentary Imps. Allergy Avitaminoses Blood Blood Vessel Blood Pressure Heart Cerebrospinal Imps.	Respiratory Imps. Bone - Joint - Muscle Skin - Breast Eye and Ear Endocrine Urinary Tract Pelvic Imps. Venereal Imps. Infections and Infestations	Poisonings Tumors Orphans Non-Medical Industrial Unemployment Annuities Group Hospitalization Standard and Tests
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